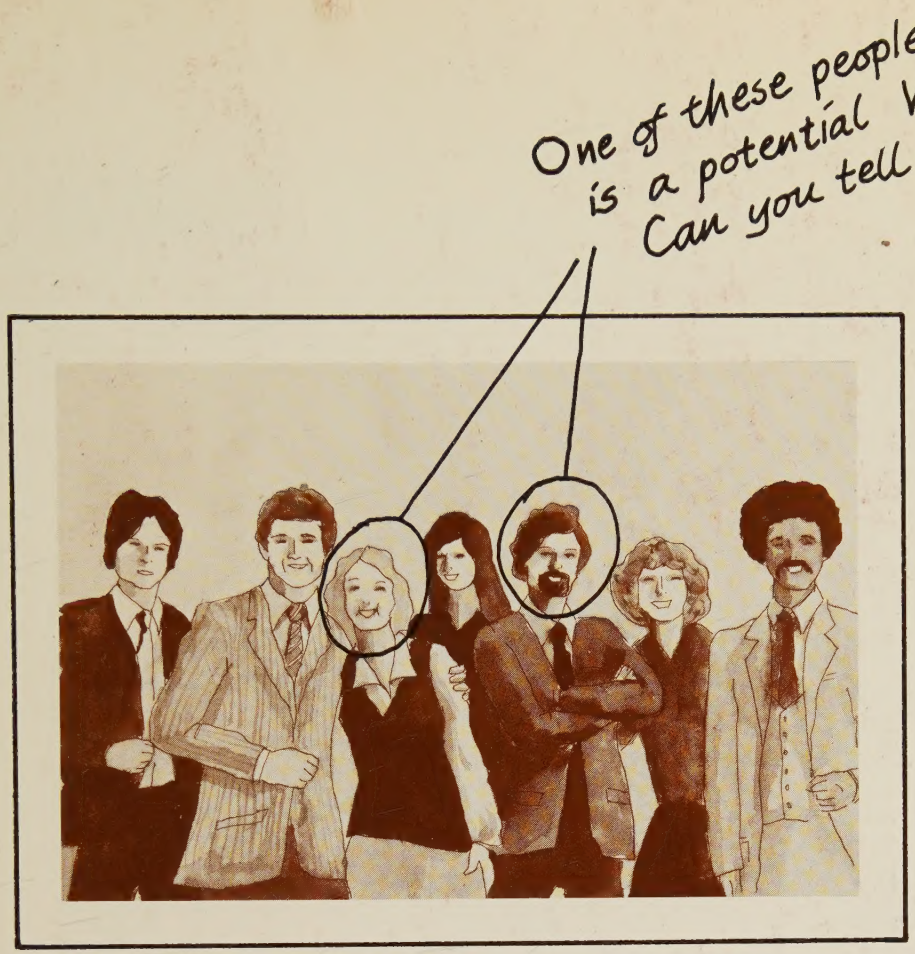

measuring executive and employee performance

(updating appraisal methods)

NRMA

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NRMA

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"The National Retail Merchants Association, which represents the world's leading department and specialty stores, is devoted to research and education in general merchandise retailing."

FOREWORD

As labor costs reach and exceed new highs, keeping a productive work force becomes more important each day. Evaluating and appraising employee performance are keys to both better performance and lower turnover. The National Retail Merchants Association is proud to add this book, "Measuring Executive and Employee Performance (Updating Appraisal Methods)," to its long list of publications devoted to improving the science of retail management. It is our firm conviction that one of the most important missions of the NRMA is to add to retailing professionalism and we are convinced that this book represents a significant contribution to that goal.

James R. Williams
President
National Retail Merchants Association

INTRODUCTION

The measurement of performance is the basis for productivity. How it is done, by whom, and when, is often left to chance even though it is one of the most important of management tools. As Ray A. Killian, Vice President of Belk Store Services, Inc., states it, "Appraisal is a measuring tool which will always be in the process of revision and improvement, which means, of course, that we have to start with material available and proceed to obtain the fairest and most accurate results possible. Although it is not a mathematically precise measuring tool, in many instances it is the best available; and if conducted properly, can be legally defended, providing it does not result in disproportionate discrimination against any category of employees."

This book attempts to gather in one place a variety of approaches used both in retailing and in other industries that have helped management to do an effective job in the appraisal process.

Sincere thanks should be given to the firms and individuals who have permitted NRMA to utilize their information. Thanks are also due to Ray Killian; Reuben Berry, Vice President of Personnel, and Leonard J. Borkowski, National Director of Selection Systems, both of Montgomery Ward; and Brayton Bowen, Vice President of J. Homestock, who took the time to review this book and to comment on it. As members of the Personnel Board of Directors, their advice has been timely and to the point.

This review is by no means definitive, but it should give the reader a working knowledge of the appraisal process that can be adapted to his own situation.

Edith M. Lynch
Vice President
Personnel Division
National Retail Merchants Association

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measuring executive and employee performance

(updating appraisal methods)

I. reasons for appraisal

Measuring performance has become a prime necessity in today's business climate. In retailing, where the number of employees is proportionately larger than other less intensive industries, it is even more critical.

Appraisals, if done well, will be an aid in keeping and promoting your competent and outstanding employees. On the other hand, it will be a cost-saver in either stabilizing or weeding out the less competent. There is considerable pressure, too, to be able to justify the promotions and the pay increases you make. A more formal rather than a hit-or-miss appraisal program will help justify both. When governmental agencies are placing almost as much emphasis on the justifying of promotions as they do on hiring procedures, it is essential to accomplish this function in a systematic fashion in order to avoid entanglements with such governmental agencies as the Wage-Hour Division of the Department of Labor and the Equal Employment Opportunity Commission.

Added to the cost-cutting and the legal requirements, there is a third even more important reason for sound appraisal programs. The utilization of the talents of employees leads to much greater employee satisfaction and in turn helps the company reach almost limitless goals. Usually less than fifty percent of employee talent is utilized. Any tool that can push up that percentage, as appraisals can, is well worth using.

A systematic approach to the problem of appraisal also provides a fair and justifiable procedure that both the appraiser and the appraisee can understand. It avoids cries of favoritism or promotion without justification -- both often the cause of employee dissatisfaction and loss of production.

In summary, "Why Appraise" can be summarized as follows:

1. It points up the strengths and weaknesses of an individual's performance.
2. It gives each person proper recognition for his accomplishments. *
3. Each person knows where he stands -- what his performance now is and his chances of promotion.
4. It hopefully identifies employees with potential for advancement. Even though there is no guarantee that a person accomplished in one position will do an outstanding job if he is promoted, appraisals are the best prediction developed thus far.

* It should be noted that whenever masculine pronouns are used they refer to both female and masculine genders.

5. It can act as an aid in salary and incentive compensation administration - if performance appraisals are done well, salary administration is much easier.
6. It places responsibility for the development of subordinates on the shoulders of the supervisors.
7. Company-wide appraisals furnish inventories of personnel skills and can be used in both short and long-range planning.
8. Appraisals can present the starting point for self-development which in the long run is the key to individual improvement in performance.
9. Appraisals help individuals focus on individual, department and store-wode objectives.
10. It can help managers face up to substandard performance and provide an objective basis for action.
11. It can act as a stimulus for high-potential employees.

Whom to Appraise

Measuring performance can and should apply from the bottom of the ladder from the beginning job classification to the top officer of the company or store. Often the method for measuring "rank and file" employees can be a simpler method than that for management personnel because the individual factors are likely to be less complex. However, the fact remains that each employee is entitled to a fair review of his work and is likewise entitled to know where he stands.

Who Does the Appraising

There are many systems of appraisals which will be discussed in this book but usually the immediate supervisor or supervisors are involved in the rating of subordinates. Naturally, these ratings are subject to review up the management scale so that inconsistencies and possible trouble spots can be eliminated. Often, too, higher management has a broader scope of the company picture and may utilize talents elsewhere in the organization than that which the immediate supervisor knows. A new note is added in some firms by the introduction of self-appraisals.

What Does This Study Include

This study will first cover the importance of setting standards as the basis for appraisal, then discuss in general the pros and cons of various types of appraisal used in industry in general and then will zero in on the practices used in several retail establishments. It will concentrate primarily on appraisal of exempt personnel, but there are several examples of performance measurement of non-exempt personnel. Although formal appraisal programs are found more often in large stores, there are several samples from small and medium-sized stores. Some of the book is based on articles from Personnel News and Views. Throughout the book there are many forms used both in retailing and in other industries. The study will be an update on NRMA's book "Appraising Retail Executive & Employee Performance" published in 1968. Because some sections of this book are still basically sound, they are reprinted in this new edition.

II. the base on which to build an appraisal program

Too often management becomes enamored with the popular fad of the day when it comes to management development techniques. Many times very elaborate programs are installed without establishing a base from which to measure. Secondly, the system is dumped on the company without an analysis of its needs and peculiarities. What has worked well in Company A does not necessarily work well in Company B. It may be that in a very small store, through an informal day-by-day close supervisory role, a store manager or owner can learn how well an employee is doing his current job and what his potential is. Even here, however, a more formal periodic review will often disclose areas not covered in the day-to-day press of business. A basic requirement before you adopt an appraisal system for your store is to: one, analyze your needs, your jobs, and the people currently on your staff; and two, establish standards of performance on which to base your measurements.

In finding what jobs and positions you have in your store you may want to install a formal job evaluation system which will provide not only job classifications and duties but also the relationships among jobs. In so doing you will find it much easier both to measure whether a job is being done satisfactorily and to set up paths of promotion. (For a detailed explanation of this procedure see the study done by Hay Associates for NRMA in 1976, Retailing Job Analysis and Job Evaluation Book.)

Secondly, the establishment of standards or an explanation as to when and how the job is done satisfactorily is a very basic step before appraisals are installed. The following article, published in the Spring 1974 issue of NRMA's Personnel News and Views, explains how and why standards should be set.

THE IMPORTANCE OF STANDARDS
IN SOUND PERSONNEL MANAGEMENT

Setting standards has recently become a much discussed part of personnel management. It is one of the keys that will assist you with the problems of productivity. This article discusses some of the techniques and tools retailers use to set standards.

There are various principles and techniques associated with the term "Assessment" many of which are discussed at almost every personnel or management meeting. Performance appraisal is one principle of assessment while management by objective is one of the better known techniques. Too often, however, one of the key ingredients of assessment is by-passed - that of setting standards of performance. Usually a person is merely told whether his or her performance is better than last year and that goals have or have not been met. There should be a basic step taken before any measurement is contemplated.

Job Description and Standards of Performance

This means setting the base from which your measurement is made. Too often, there is no clear-cut job description, or if there is one, it is old

and out-of-date. If there is a good one, frequently it is not understood to mean the same thing to the employee and the supervisor. A written description of the function is the first step in making standards. The next step is to determine when the current job is done satisfactorily. Each responsibility of the function is listed separately with the corresponding standards. The phraseology often goes "I am doing a satisfactory job when --------. After this phrase all the conditions of doing the job satisfactorily are listed. This important step is usually called "setting standards of performance." Standards should be worked out between the supervisor and the employee. Their conclusions plus an understanding of the job will give you a basis for setting goals or objectives for improvement. The following excerpt, from Belk's Position Description and Standards of Performance form for the Buyer or Department Manager, illustrates this approach.

Buyer - Department Manager

Function: Has the responsibility for budgeting, planning, buying, customer service, personnel, selling, sales promotion, housekeeping, security and operations for one or more departments.

Responsibilities: I do the following:	Standards: I have done a good job when:
A. Establish budgets for the effective use of monetary resources.	1. Sales projections and expense-budgets relating to inventory sufficient to reach sales projections are prepared and submitted to merchandise manager/store manager at least _____ prior to beginning of merchandise season. 2. Budgets relating to such expenses as supplies and employee payroll are prepared and submitted to store manager at least _____ prior to beginning of merchandise season. 3. Expense budgets are sufficiently restrictive to achieve a minimum net profit of _____%. 4. Expenses do not exceed budgeted amounts by more than _____% in a given month. 5. The average annual selling cost for my department is no more than _____%.
B. Provide supervision, and initial and follow-up training for all personnel in my department.	1. Assure that all new personnel in my department have proper training in store policies, register procedures, and salesmanship within one week after reporting for work.

2. Conduct individual coaching, as needed, and corrective interviews, if needed, to assure maximum job performance of all personnel within my department.

3. Conduct an appraisal interview with each employee within six months of employment and annually thereafter and make appropriate recommendations to my supervisor as to promotions, pay increases, or discharges.

4. Meet with my employees at least monthly (more often if needed) to explain new procedures, features of new merchandise, and to further effective communications between management and employees.

C. Insure proper receiving and pricing of merchandise.

1. Any differences between invoice and original order as to terms and cost prices are investigated and appropriate action taken, if necessary.

2. All items are priced as indicated on order copy unless cost differences justify a different retail price.

3. Merchandise is moved to sales floor using appropriate controls and recounted to insure accuracy.

4. I follow up with the manufacturer or vendor on any merchandise not received within _____ of scheduled delivery date.

EXAMPLE II: Setting Specific Standards For A Job:

A professional cosmetics salesperson is one who:

--- approaches all customers when free, and acknowledges waiting customers when busy.
--- does make-ups for walk-in customers and card-file customers.
--- maintains clean, neat selling area.
--- takes advantage of all opportunities to expose the customer to other products, e.g. free samples, new products which relate to products being sold.
--- convinces customers that they are experts, feeding personalized information back to customer.
--- identifies customer needs, both customer taste and product needs.
--- balances sales between classifications, does not favor one commodity.
--- follows approved procedure for contact with customers not in store.

You can see that setting standards is not an easy job and cannot be done

haphazardly. You will be surprised at the improvement in performance when jobs and jobs relationships are clearly understood by all employees.

The Use of Figures in Standard Setting

Many stores set standards in the selling field where it is not too difficult to measure improvement in sales fairly objectively. It is important in setting standards, and in subsequent performance reviews, to be as objective as possible. Note the percentage figures in the buyer's standards, an improvement in those figures indicates that a better job is being done. In measuring improvement in sales, it is necessary to measure any increases against the costs of making sales. At some stores, for example, sales costs are determined by multiplying the wage plus fringe costs per hour by the number of hours worked in a week against the sales per week. An improved ratio indicates a more productive employee. Caution should be used in these figures, however, because they do not include other factors in the job such as better stock control, improved customer relations, etc. They do, however, give you a starting point in setting standards.

One Executive's View of Standards

John Cost, Manager of Employee Standards of Bamberger's, said it this way in a speech before a group of store managers.

"Let's get to the topic at hand.....increasing sales productivity. First of all, what does "increase" mean? Would you accept a figure of .001% as "better"? Next, I ask you .....an increase over what? Sales productivity can be measured as an element of group performance - as an individual against himself.....as an element of average salescheck - as an element of salary cost, etc. Define what you are going to measure in advance. If I may offer a suggestion, I would choose salary cost as the measure."

"If you really feel that salesmanship will give you the results you desire, let me ask how the program will sustain itself. Here I recommend appropriate reporting tools and appropriate sanctions. By this I mean, what is in it for the person involved. If there is no carrot at the end of the stick, forget it. I have in jest offered a solution to this question by saying that the one who does it right gets to keep his job.....thank heavens I have never been forced to prove this point of view".

"Let's now assume that our stated point of view is to decrease by 1/2 percent sales as an element of selling cost. Notice I said decrease since we are talking expense also".

- In order to make the program work I would insure that I have the ability to provide the statistics necessary for this goal.

- I would establish a schedule for reporting the results..... Personally, I feel that quarterly is fine.

- I would insure that the personnel review system is ready for this goal. If the results cannot become part of the review procedure, forget it!

- I would establish and publish, as per appropriate channels, the individual statistics for the past year. This would establish the target and sales personnel would know what they have to do.

- I would need a program for announcing this goal to the sales personnel.

Another Helpful Tool

A classic book which gives you a step-by-step method of setting standards is Virgil K. Rowland's "Managerial Performance Standards" published by American Management Association in 1960. You may be lucky enough to own one or perhaps you can locate it in the library. His later book published in 1970 by McGraw Hill, "Evaluating and Improving Managerial Standards", devotes six chapters to setting standards. Both are highly recommended.

* * * * *

NOTE: The following article appearing originally in the December 1975 NRMA Retail Control also shows the importance of setting standards.

MANAGEMENT BY OBJECTIVE AND PARTICIPATIVE MANAGEMENT

C. R. ROGERS

Vice President Finance and Operations
Lipmans, an Operating Company of Dayton-Hudson
Portland, Oregon

Management by objective is not an addition to a manager's job, but a way of planning and evaluating it. In its briefest form, management by objective can be described as a managerial method whereby the superior and the subordinate managers in an organization identify major areas of responsibility in which the man will work, set performance standards and agree upon objectives (focused efforts) and goals (financial by-products).

The advantages of this kind of management lie in better planning, better evaluation, improved performance, more promotable people and the development of the subordinates' best activities.

Through "participative management" the members of the Lipmans' stores are also encouraged to develop as managers. With participative management, members of the organization are encouraged to contribute to management of the organization. In discussing "participative management", Dr. Harry Levinson of Harvard wrote:

> "The greater the degree to which they, (the subordinates) can be involved in group problem solving with respect to realities which impinge on the whole organization, the more responsible they can be in their behavior. However, their

participation can be no greater than the skill and the information they have with which to deal with the problem. This means that a major function of the leader is to choose courses of action which will maximize the effectiveness of the group in coping with problems. At times that may mean he has to pose the problems or make the decisions or share the decision-making in varying degrees, and sometimes even act arbitrarily. In short, I believe it is the function of the leader to lead and unless he can do that, there cannot be participative management."

Standards of Performance

Relationship - Management, like merchandising, is becoming more and more a science. Standards of performance are a sophistication of management by objective, just as predictables are a sophistication of trend merchandising. We have been on the management by objective system for 10 years and feel it is a sound, effective system. But as we look at our job responsibilities and objectives, there seems to be the need for some tool to close the gap. How specifically can we fulfill our job responsibility and attain our goals and objectives? What conditions exist when we are performing our jobs well? With objectives, the only time we can check our performance is at appraisal time, but with standards written into our job description, we are able to tell monthly, weekly, daily how well we are performing our job.

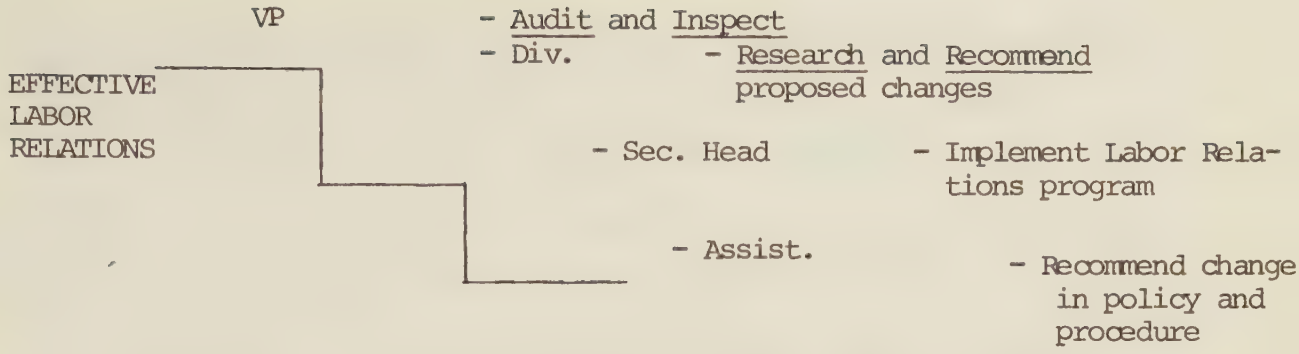
Job Description - The basis for good performance is a current comprehensive position description. A good job description has three parts:

- Statement of basic function
- Relationships - who reports to you, whom you report to
- List specifically your responsibilities.

Responsibilities fall into three categories:

- Generic - Those that every manager has in common - personal development, budget, etc.
- Specialized - Those that all men in positions like you have in common - all buyers, all sales managers, all Divisional Merchandise Managers, etc.
- Peculiar - Those unique to you, i.e., the shoe buyer may have a responsibility to be a member of the Orthopedic Association of the University.

Responsibilities fit together - top to bottom and bottom to top. So, to write your job description you should have a pretty good idea of your boss's job description. You and he may have different aspects of a common responsibility. It is like a staircase. For example: Each manager in the Operating Area may have a Labor Relations responsibility in common.



Each has a Labor Relations responsibility written into his job description, but in a different way.

When writing your job description, use action words like: plan, organize, audit, inspect, supervise, research, recommend, develop, create. Try to group common job responsibilities so you don't have more than 12 to 15. Here are some possible basic position responsibilities for Dayton managers:

- 0 Personal Development - Physical: diet and exercise; Mental: extension education and reading.
- 0 Organizational Development - training your people; participative management.
- 0 Communication - superiors, peers, subordinates.
- 0 Customer Relations
- 0 Vendor Relations
- 0 Budgeting - short range, selling cost, expense factors.
- 0 Long Range Planning - Buyer and divisional discuss 10 year plan and how to get there.
- 0 Merchandise Presentation
- 0 Organizational Surplus - Not a lot of extra people, but one person on board who satisfies you and your boss as a replacement for you.
- 0 Civic Responsibility
- 0 Evaluation of Subordinates - as both a partner and a judge.
- 0 Trend Merchandising - An awareness of the direction in which trends are moving. Put the advertising dollar in the right spot.
- 0 Stock Content
- 0 Project Teams
- 0 Misc. - conduct and research, fact finding, etc.

Standards of Performance - Par for the Course - A standard is the condition present when a job responsibility is being performed well. It is the base point from which we measure excellence. For each of the responsibilities there may be 3 standards of performance. Standards should be written from job descriptions with no thought given to goals or objectives.

Standards are more easily attainable than goals or objectives. They are not as"stretchy"to reach and therefore should be overachieved. They are things that you yourself can do with reasonable effort, i.e., if you have a responsibility to better relations with the branches, your standard might be to visit the branch stores at least once a week for four hours.

They are not self-liquidating as objectives are, but regenerative. One is continually fulfilling standards. It isn't a one shot effort.

When standards are written, you should try to build in as often as possible four elements to nail them down:

- Quality of effort involved
- Quantity of effort
- Timeliness or scheduling of effort
- Cost of effort

A standard represents an effort or a symptom. A symptom may be when your boss says that he feels you are doing a good job with branch store relations, or the results of an employee opinion survey saying morale is good in your area. An effort might be holding some informal discussions to get at the root of a morale problem or attending four outside Labor Relations seminars.

Standards can constantly be rewritten and renegotiated with your boss. It is a tool for more efficient communication. There should be two copies -- one for you and one for your boss. It is a private document. Each month or so you can take your standards out and know exactly how well you are doing in your job performance. You don't have to wait until review time to find out.

Standards should be void of vague weasel words like "maximum, with rare exception, optimum", etc. A bad standard is: "I will report to work at 9:10 each morning with rare exception."

Standards are not delegatable. They are what you, yourself, are able to control; not what your assistant does, or how prompt the drivers are on delivering merchandise, but just what you can control.

There are three kinds of standards: positive, negative and zero. A positive standard might be "I will increase the markup 4 percent annually during the first half of 1978." A negative standard might be "There will be no more than 5 percent return in color TV's due to defective installation." A zero standard might be "There will be no customer returns on color TV's due to defective installation.: Very few zero standards are good because they are often not realistic.

Proper implementation of the Standards of Performance system should do four things for you as a manager:

- Enable you to communicate more effectively with your boss.
- Provide you with an ongoing tool for self-appraisal.
- Enable you to plan your work better.
- Enable you to measure and further your own development.

As you grow as a manager, you will find that standards that were once difficult for you, are now very easy.

Objectives

Objectives are a kind of "Gap Closer". They are what it takes to close the gap between what your standard says you ought to be doing to fulfill your job responsibility and what you are actually doing. They can be what it will take to overachieve a standard. Objectives can bring you up to standard or can help you overshoot it. An objective can strengthen strengths or strengthen weaknesses. Objectives have five qualities:

- They are"stretchy"- To attain an objective requires our very best effort. Standards require only a reasonable effort. They require focus planning and checkback. Have a few objectives -- perhaps four with more points. They should be the most challenging thing that you can do.
- They are self-liquidating when attained, whereas standards are regenerative. Once an objective is achieved, it may become a new standard.
- Try to nail down objectives with reference to quality, quantity, timeliness and cost.
- Objectives should be the product of a Creative Thinkout on "How are you going to get there?" First think and then write an objective. "I am going to reduce inventory by 1.5 percent by checking with ....."
- Objectives are subject to review as conditions change. Just as standards, an objective may have to be reworked and renegotiated, i.e., if halfway through the year your annual mark-up is 48 percent and on your objective you said 45 percent, you may want to raise it for the second half of the year.

Where standards rely only on you, whether you attain your objectives may depend on how well your peers and subordinates do their part in the total effort. It is easier to spot potential problems when we know how each person's responsibilities, standards, and objectives fit together. Well written job descriptions and standards leave no grey areas. They provide pegs on which to hang objectives. Good standards eliminate surprises at review time, such as:

- Your boss thinks that you have been picking easy objectives.
- Or he feels you have ignored important performance areas.
- You may increase markup by 3 percent, which may have been your objective, but get only 11 points because now your boss feels that it wasn't"stretchy"enough.

Goals

A goal is the final score, the target at the end of the road. It is the product of doing a number of things well. Usually our goals are in terms of dollars.

- Sales
- Profit
- Expense rating

If your volume goal was 1.5 million dollars combined sales, and you only attained 1.3 million, where did you fall short? By themselves, goals and objectives have little diagnostic value. But as you look back over your standards you will be able to see what standards you failed to fulfill. This will give you the total picture as to what you did well and what you failed to do well. The next year, to attain your goals you may want to focus on standards not met as an objective. An objective can strengthen strenths or strengthen weaknesses.

III. kinds of appraisals and other measurement tools

Most executives know the importance of measuring performance but, unfortunately, especially in management positions, it has been a hit and miss proposition at best; and often all scientific measurement is set aside and the "fair-minded" genius of the month is promoted over the individual who step-by-step has moved up the management ladder.

What are some of the measures used not only in retailing but in industry in general? Unfortunately, there seem to be no fool-proof methods of measurement. There are some that seem to have some promise in measuring current performance. The almost unsolved problem still remains about predictability for future success. The idiosincracies of fortune, of fast-changing industry patterns, outside economic factors, all bear significant weight on how well your system seems or actually is working. The following discussion is done somewhat with tongue in cheek because you will need to adapt any procedure to your own particular operation. The various methods, however, are worth exploring because it may just be that by proper alteration and adaptations you may develop one to fit your own peculiar situation.

The basic principles remain:

1. The importance of doing something about measuring
2. The involvement of the supervisor and his subordinates
3. Really doing something about the performance rating once it is made

Keeping these basic principles in mind, the following methods and their pros and cons may be helpful.

SENIORITY

First of all, there is the deference given to length of service on the job or strict seniority. This often is one of the concepts of unionized organizations where an employee moves automatically from the hiring rate to the top rate for the job. There is something to be said for such a concept when the job involved is not too complicated and not a great deal of extra skill for the top grade is involved. Such a system also could prevail, at least up to a point, where only the strong survive. An example might be gained from the seniority system on the railroad. Several years ago an engineer gained senior status only through long years of hand-firing and careful apprenticeship under the direction of a skilled engineer. The weak could not stand the pace, and old-line engineers were a breed unto themselves who could move the Twentieth Century into New York on a 14 hour run from Chicago on an exact to the minute schedule.

The skilled salesman of coats and suits may have taken many years to learn all he knows about the fittings and quality of the merchandise he sells, and consequently his years of service almost guarantee that he is top flight. The executive with years of service, if he has kept his ears open and has kept alert, just through years of service may have the edge over his younger counterparts.

The danger of the seniority system of rating is fairly obvious. There is the old saw about having thirty years of experience but really having one year of experience thirty times. Too often the latter is true, and the old employee may be a hindrance rather than a help. One of the knottiest management problems of the next ten years is to help the middle-aged manager with years of experience fend off the push from the aggressive management people who are flocking up as the result of the post-war baby boom. The senior employee who keeps even or is ahead of the best management thinking can usually earn the respect of the young people knocking at the management door and seeking the really good jobs in management. The "old" manager, who has not had a new idea in the last five years should, however, in today's competitive business climate, be able to hold his own on other criteria than just age.

THE USE OF THE COMPUTER

For that reason, then, it is imperative to look at other measuring devices. Many retailers are looking to very explicit measurement tools such as sales per day, per hour, per item and per price for each and every sales person. Point-of-sale registers and computers have made it much easier to see who your good salespeople are. Even if you do not have computers actual sales records can act as a separating factor of the poor, the mediocre, and the extraordinary salesperson.

An example of an independent store which has made good use of the computer doing just that is discussed in an article in Personnel News and Views by Richard M. Lynn, Vice President, Secretary and Controller of S. H. Heironimus, Co., Incorporated, in Roanoke, Virginia.

WHAT ONE INDEPENDENT STORE IS DOING TO IMPROVE SALES PRODUCTIVITY

Employee Performance Report

We are a small independent store with four branches in Southwest Virginia and we are equipped with a NCR Century computer. Our productivity program linked with our computer is not through fear but through mutual understanding of goals and expected results. Our main tool used to motivate our sales is what we call an "Employee Performance Report."

This computerized report consists of a listing of each employee, by section, with his sales, hour worked, selling cost and productivity or sales per hours for the current pay period, as well as on a year-to-date basis. We not only have each individual salesperson listed, but we have totals in sales, hours worked, selling cost, and sales per hour for each section and for each store, as well as a grand total. As a matter of explanation, our productivity figure is obtained by dividing sales by hours worked to give us an average dollars sold per working hour.

This report is on my desk every other Friday, or every pay day. I review the report and make written comments, and then send the reports to the branch managers. The branch managers in turn review the reports and then go over the results with the salespeople on an individual basis. By going over the report with the salespeople, especially those who are not doing too well, we feel we are motivating our people by letting them know what we expect of them. We would like to think that we can operate with 8% selling cost, but some selling sections can do better than 8%, some worse. But what we do expect is for a sales person's productivity or sales per hour to compare favorably with others in their section, and with the average of the whole section.

The Key Feature

The best part of this report is the productivity figure, or the average dollar sales per hour. Salespeople understand sales per hour, where before most did not understand selling cost. When discussing dollar sales per hour, everybody concerned seems to grasp the situation quickly. Some salespeople even look forward to seeing the report on pay day and tell you with great pride what their productivity is for the period. This has not been true at all in the past where we have worked exclusively on selling cost, even to the point of setting individual goals for selling cost. We used to have a monthly selling cost report, but it proved ineffective because pay periods did not coincide with selling periods. Our new report makes it all very definite, "I sold this much, I worked so many hours, my selling cost is this, and my sales per hour are that, all in one two-week period or year to date".

Follow-Up on the Report

When discussing one's productivity with them you may ask, "Why does Mary Jones sell more per hour than you, even though you work in the same section?" Or you might ask, "Why don't you sell at least on an average with your selling area?" Some are going to answer that they do all of the stock work, or that Mary Jones is a sales grabber; but more often than not the sales person will realize that he/she isn't aggressive or alert, or he/she is shy or plain lazy..

At this point it is mutually understood that the salesperson is not doing as well as he/she could. The branch manager and the salesperson can now settle on goals for improvement. If the salesperson cannot improve in a given amount of time, he/she obviously will be replaced. The understanding of this usually is proper motivation.

On the other hand, differences in productivity within a given selling area may indicate that one person is doing all of the stock work, or there are personality differences between each other or with a supervisor. Then we might move the salesperson to another area. Frequently we have found that some salespersons are much more productive in another area simply because they are happier. More often than not we'll try moving a non-productive salesperson if we feel there is some hope that he/she can do a better job elsewhere.

Compensation Tied to Productivity

Up to now, I have talked of motivating salespeople through mutual understanding of goals. It is also important to note that above average performance will result in more money on pay day. We are using our performance report as the major criteria in determining who gets a raise. At this point, I might digress a bit and explain that we instituted a new pay system as recommended by Hay Associates of Philadelphia. Prior to instituting the Hay system, we would normally give across the board raises at certain intervals and always when there was an increase in the minimum wage. As of last week, we did not give across the board raises, but only to those who showed better to satisfactory performance in productivity. So, hopefully, we are establishing a policy of paying for performance and not continuing to give raises to those who don't perform.

If I may, I would like to discuss the Hay system and another way it relates to our performance report. According to Hay, different jobs have different weights, and the compensation for the jobs vary according to their relative weights. The Hay system is very complicated and I won't go into it, but it has made us realize what jobs are important to us. Consequently, if we have an opening in a better paying job that is a higher dollar volume sales position, we review our performance report to look for a good achiever to move to a higher paying position. In other words, we use our performance report to transfer salespeople to better paying jobs. Thus, hopefully, we are motivating our salespeople to want better paying jobs within our store. For example, if we have an opening in Ready-to-Wear, a higher paying job, we might transfer a good performer from a lower paying job such as Toys into the better job. In the future, this Spring to be exact, we plan to get more involved in sales training, and we plan to use our Productivity Report as one of the tools in our training. With this report, we will have measurable results every two weeks which we can use to monitor an individual's progress. In the past, one of our major problems with sales training was the lack of measurable results. We can also use our reports to determine who in our sales force needs the most intensive training as well as those good achievers that might be able to help with the training.

Other Dividends from the Report

Another use we have gotten from our productivity report is to use it for an in-store sales contest. In this contest, the persons showing the greatest percentage increase in sales per hour, from one pay period to the next, were rewarded $15.00, $10.00, and $5.00 respectively. This contest was run at all of our stores last Fall and seemed to creat a competitive atmosphere as well as being lots of fun. We use a percentage increase instead of a dollar increase to keep all selling sections on an equal level.

Lastly, our performance report has been especially helpful in assisting our branch managers budget their selling payroll costs. As I stated earlier, the report gives us total sales, hours, selling cost, and sales per hour by selling section as well as by store as a whole with our other branches.

They can see at a glance where they are better or worse than their counterparts. When we have our monthly branch managers meeting I am able to ask "Why is your store's selling cost or sales per hour higher than another's." Or, "Why does Section I at Towers have more sales but less hours worked than Section I at Crossroads." Many times productivity problems in a particular section cannot be blamed on those who work in the section, but on the poor scheduling. High selling costs may indicate too many working hours during non-productive times of the day. For example, I have asked a branch manager why a certain person's productivity is so low and have been answered with, "She works in the Junior Department from 6:00 to 9:00 P.M., and we aren't very busy in the Junior Department at night." Then I might say, "Well, it seems that maybe you had better revise your schedule to eliminate some of the hours." Better scheduling, producing higher productivity, is just another way our performance report is helping us.

One aspect of our performance report that has proved beneficial, that we did not count on, has been the ability to spot superior achievers quickly. This past Christmas two of our extras became all top performers in their sections in a matter of four weeks. Needless to say, they are now regular employees, having replaced two poor performers. We feel that we have been able to monitor a new employee's performance so that we can push them along more quickly.

Such measurements are easily understood by both management and employees. They can furnish an individual with goals to measure against and to excel. They can provide a quick tool for management to find trouble spots and initiate action for improvement.

Such measurements are excellent as far as they go, and are very useful when specific measures like total amount of sales, amount of sales of specific items, etc., can be readily obtained.

Problems can arise if these are the only measures you use. Executives realize that there are other measurements necessary, particularly when consideration is given to such vital matters in stores as customer relations and when supervisory responsibilities are involved.

III. CRITICAL INCIDENT METHOD

There have been several attempts to measure other factors than those that can be quantified. During World War II, when there was a great need for aviators, the "critical incident" method was the determination of what were the essential actions that an aviator had to perform in order to fly. If he failed to execute certain maneuvers or to read the gauges correctly, he might not take off; and if he did, he probably would crash. These were then used as key points that each prospective aviator needed to follow in order to qualify for his wings. The technique was adapted by industry, and it was not unusual to see a foreman checking against his black book of critical incidents to see whether or not a person was performing a job well. For example, in a secretary's job ten erasures per letter would get several derogatory marks in the book; in a selling position an irate customer observed by a sales supervisor deserved a notation in the book; five letters of complaints from customers could add to the score.

Something to be said for the system? There is no doubt that unless certain essential units are done well on any job the rating has to be poor, even to the point of dismissal.

Difficulties arose in the compilation of the essential incidents in any one job. A further deterrent was the look-over-the-shoulder syndrome of supervisors who soon become dreaded visitors because of the little black book. Too often criticisms on non-performance of critical incidents deteriorated to only negative criticism.

There has been little said about "critical incident" evaluation for some time, although such consideration is bound to be part of any appraisal system. Interestingly enough, Dr. Harry Levinson of the Levinson Institute has recently come up with a new twist to the use of the critical incident in giving out praise when incidents are well executed. The following description published in the NRMA's Personnel News and Views presents a capsule description of this process.

PERFORMANCE APPRAISAL -- TOO LITTLE, TOO LATE
Harry Levinson

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In twenty years' experience in a wide range of organizations, I have found that most executives at every level resist evaluating their subordinates. They dismiss appraisal as "Mickey Mouse" or pay only lip service to the appraisal programs. Even if they work hard to make just evaluations, they find the standard annual or semi-annual appraisals develop too little information and pass it on too late.

Many managements have discovered that conventional appraisal systems do not provide adequate documentation to counter charges of race, sex, and age discrimination. They are learning the hard way that they must be able to justify appraisal decisions to both their employees and to government watchdogs. Now that there are fewer opportunities for advancement, and stiffer competition for the remaining openings, managements will need hard facts to back up their decisions about promotion, termination, and even pay raises, in order to satisfy individuals and the law.

Inadequacies of Appraisal

The president of the parent company had only one directive for his newly appointed division head: "Get this operation in the black." Within two years the new executive moved the division out of the red to show a profit of several million dollars. Fresh from his triumph, he announced that he was a candidate for another promotion and that he was already receiving offers from other companies. He was astonished to find that his proposal fell on deaf ears. His superiors did not consider him a success. For them, the manner in which he had reached his goal was as important as the goal itself. He had turned the division around single-handedly. As they saw it, in the process of demonstrating his personal strengths, he had weakened the whole division. His superiors feared to promote him;

this would only give greater scope to his destructive style. Although they recognized his talent for organizing, for accomplishing difficult tasks, and for turning in a profit, they could not tolerate his running a one-man show; and they would not promote him. Although he had succeeded in meeting crucial outcome demands, he had failed to live up to their behavioral expectations.

We have all seen such successful failures: the excellent salesman who is promoted to become an unhappy and unproductive sales manager, or the bright young manager with a strong track record who wins a much desired promotion only to fail inexplicably. Popularly, these failures are attributed to the Peter Principle, the promotion of people beyond their level of competence. On closer examination, however, it is evident that one crucial reason for these failures is that none of these people was given adequate, direct, and candid guidelines on the behavior required on the job.

The division head was given a single, straightforward directive: "Get this operation in the black." Two years later he discovered that although he had lived up to his succinct job description, management had judged him a failure by behavioral standards they had never communicated to him!

Usually this crucial information - how to do the job - is neither discussed with the incumbent nor included in the written job description, yet his superiors always have clear behavioral expectations against which they judge him. If the executive violates company tradition or mismanages sensitive relationships, he will be criticized or, worse still, written off. If he exacerbates long-standing frictions between departments, or is unaware of a labor leader's style and bungles union negotiations, he may lose his position. These critical behaviors are equal in importance to outcomes - quotas, deadlines, and profitability - in judging the success of any executive. Until this behavioral information is included in descriptions and in appraisal programs, organizations will be plagued by these failures and their consequences - confusion and mistrust.

Behavioral Appraisal

The prime objective of any performance appraisal program is to develop and share information which will assist both the organization and the individual in making better choices for the future. The organization needs this data to make decisions on assigning and compensating people. Individuals need constant, immediate, reliable feedback to do their jobs more effectively and to learn their own personal strengths and weaknesses.

A comprehensive program provides continuous feedback on every level of performance, from the quantifiable outcomes to the quality of relationships. When a manager is transferred or promoted, he must be helped to define the behaviors necessary to succeed. Some people develop this

diagnostic skill very rapidly, and sometimes it enables them to move beyond their real technical and managerial capabilities. For those without this subtle skill, the annual review offers virtually no guidance, and if it does it comes too late. The only way to counter these abuses is to have behavioral information on hand, and to share it before the problem infects the organization or hampers the person's career.

The first step in building a behavioral appraisal program is to define the job in the following four terms, in order to encompass the variety and subtlety of behaviors, tasks, and relationships to be managed, and the dynamics of balancing all these demands.

1) How should the incumbent manage his aggression? Must he control his anger in the face of attacks or complaints from customers or fellow workers? Does he attack problems himself, or develop others to solve the problems? In what different ways in different situations?

2) How should he manage affection, the need to give and receive recognition and approval? Does he work independently or as a member of a close-knit team? Will he get public recognition and approval? Will he be obscure or highly visible? When?

3) How should he manage his dependency needs? Will he be able to lean on others, or will he have to do the job alone? How much support will he have from superiors? How much will he have to give his subordinates? Why will this vary?

4) If he does this job well, what kind of gratifications will be gained? Will he make a lot of money? Will he be eligible for promotion? Will he acquire power? A reputation? New and important skills? Will there be different gratifications in different parts of the job?

Once the role is defined dynamically or behavioraly, then it is possible to describe the behavior of the individual candidates by asking the same four questions: How does this person characteristically handle aggression? How does he handle affection? How does he handle his dependency needs? How flexible is he in managing these drives? What is his vision of himself at his future best? What gratifications or achievements will mean most to him, will make him like himself? That is, what is the nature of his ego ideal?

The Critical Incident Method

In order to use this information for coaching, learning, and changing, every superior must constantly be evaluating his people's performance, and constantly sharing his judgments with them. Every piece of behavior significant enough to be noticed is important enough to be reviewed, and provides a much-needed opportunity to guide and coach subordinates. These critical incidents can range from unprofessional dress or demeanor to mismanaging a crucial relationship or project. Some supervisors may object to "keeping book" on their people or resist a program of constant reviews and endless reports. Neither is necessary; both are phantoms of fantasy. For each critical

incident the supervisor should tell his subordinates what he thinks happened, and what behavior, if any, needs changing. After the session, the supervisor should write a summary paragraph describing the problem, the context, and what the subordinate did, under what circumstances, and with what results. Then, the critical incident should become part of the personnel folder. At the annual review, the superior will have a written record to document his judgments, and the subordinate will have no surprises. In the interim, the subordinate will be able to change his behavior, and if he feels unfairly judged or criticized he may appeal immediately rather than long after the fact.

An accumulation of critical incidents, or the behavioral record, provides the data for a more accurate person-job fit. Too often neither the organization nor the individual questions a proposed promotion. The individual feels he has a right to the next step up the ladder, whatever it may be, because he is unaware of the subtle differences in behavior demands which can make a longed-for promotion a burden. Only by weighing the behavioral demands of the job against his personal behavioral style can the individual decide on suitability rather than availability.

The higher up the ladder a manager climbs, the more he is on his own, the more necessary this evaluation of fit is to task accomplishment, to the quality of work relationships, and to personal and organizational satisfaction.

Behavioral information is also a great support to the superior in the difficult process of performance appraisal, because it relieves some of his guilt about passing judgment. At the annual review, superiors always struggle with the very real fear that any strong criticism of a subordinate may scuttle his career. The greatest crippler of effective appraisal is the guilt engendered by having to sit in judgment. This task recalls the earliest primitive thinking of childhood in which to criticize someone is to destroy him.

Once guilt has been relieved and the climate of trust restored to the appraisal process, a program of upward appraisal should also be instituted; or, more accurately, such a program should be formalized. Managers are already being evaluated by their subordinates every day. If the subordinates feel that they aren't being supported, or if they feel that their superiors aren't helping them get the job done, they do feed back their dissatisfaction. They may resist the supervisor by staying home, taking long lunches, or coming in late. This kind of appraisal can demoralize a whole organization.

If the supervisor is being formally appraised by his subordinates accurately, honestly, and frequently, in a climate of mutual trust, he can correct his behavior and gain their wholehearted support. This is much easier said than done. He might begin by asking the subordinates in weekly meetings to define the criteria by which they would judge him. After several months when the supervisor and subordinates have learned mutual trust, he can ask his people to evaluate his performance by those criteria they have established together. The subordinates certainly cannot judge the totality of the superior's job, but they can judge how well the boss has facilitated their work, increased competence, and protected them against organizational politicking. In short, they can assess how well he develops people.

Conclusion

Organizations must be able to target their goals in the quantifiable terms of productivity, schedules, and profit: Where are they going? Equally important, they must be able to chart the terrain between the present and the future, and accurately assess their manpower needs: How are they going to get there? Who can help - and how? Both kinds of information are crucial to organizational decisions about assignment and whether they want to go along, what the journey will demand of them, what they can offer, and what they have to gain.

A more detailed coverage is presented in the July-August issue of the Harvard Business Review (1976) in an article entitled "Appraisal of What Performance?"

THE FORCED CHOICE METHOD

Another popular method still being used, not only in appraisal but in attitude surveys, is the "forced choice" technique. Here, a person is rated on his choice of statements (usually four in number) which best and least describe the nature of the employee being rated.

A few such sets of questions will illustrate the technique:

SET I — CHECK TWO IN EACH SET

Most	Least	
( )	( )	Accepts suggestions of subordinates
( )	( )	Analyzes work to be done completely by himself
( )	( )	Gives credit to others who help
( )	( )	Uses others suggestions but takes the credit for himself only

SET II

( )	( )	Plans ahead carefully
( )	( )	Does most of his work on a "panic button" basis
( )	( )	Follows through to see that work is completed
( )	( )	Makes decisions on his own

The advantages of this method are several. First, it places the emphasis on observed behavior rather than on personalities. Second, it forces the supervisor to think about the employee being rated. It is less likely to result in the "halo" effect, which is the end result of many appraisal systems. Raters also like to use this system because it gives them a more realistic review of their employees.

The problems and disadvantages should also be weighed. The construction of the questions for each job, the determination of a rating scale based on these questions, are both difficult jobs; and more often than not a consultant or a psychologist is called in the development of such a system. The system also seems to leave little room for a periodic review, as does management by objective or any other results oriented appraisal system. You may want to explore the method further. A new Conference Board Report covers this method as well as other forms of appraisal.

THE RANKING SYSTEM

This method quite often used in certain forms of job rating for setting pay scales also is used in appraisal. In this method the people on the job are numerically ranked, usually by a committee or at least a team of appraisers. It usually is done on a pair by pair basis until finally only two people are left to compare.

The ranking is usually not done on a very scientific basis and is often based solely on opinions rather than any scientific rating scale. On the one hand, it gives a fast demarcation of the best and the poorest workers. On the other hand, it is not an exact measurement and may be unfair.

Another method called "Alternate Rating" has been developed by Charles F. Russ, Jr., President of the consulting firm Care For. The following is the Chief Executive Human Resource Letter of September 7, 1976.

CARE-FOR
human resource consultants

CHIEF EXECUTIVE
HUMAN RESOURCE LETTER

September 7, 1976
Volume I No. 5

Dear Chief Executive:

Who is the Most Important Person (MIP) in your oganization?

Is it your secretary? Your second in command? You?

Have you ever done Alternate and Objective ranking of your key people...listing your best person first, then your least best (relative to your best person), then your second best, second least best etc?

Then, have you Objectively evaluated them: Superior; Very Acceptable; Fairly Acceptable? Note: there is no SATISFACTORY. Under the CARE-FOR system, you're either better than Satisfactory (Very Acceptable) or less than Satisfactory (Fairly Acceptable). This makes it tougher, but we think Satisfactory can be a cop out to avoid the tough decision, so we eliminated it as a concept.

The reverse side contains a simple form for you to gain meaningful information on your people... to help you think very precisely about your MIP's by department or group, and among your top team. It forces you to write down the name of your best person, and relative to that person, the least best person. It also surfaces Peter Principled employees.

Now, your least best person can still be a top performer. On the other hand, your best person can be just Fairly Acceptable. So that's why we add OBJECTIVE ranking to the exercise.

CARE-FOR uses this form with clients in our Organizational Analysis consulting service. You'd be surprised at the differences in judgments on the same group of people when several different individuals rate the exact same group.

So if you want a meaningful experience, take a few minutes and list your key people on the form. You might surprise yourself when you get right down to doing it.

If you want to go further, have other people do the same thing. And have them do it for their key people. See if you agree with them.

One thing I promise you...you'll help clarify your own thinking about your people. The concept of the exercise ensures that. And you'll learn a great deal about what others think.

And again, the form is yours to copy and use in your organization if you wish. Incorporate it in your performance evaluation system...use it to help you sharpen up your thinking about an important promotion...or other decision on an individual.

Sincerely,

Charles F. Russ, Jr.

Charles F. Russ, Jr.
President

CARE-FOR

ALTERNATE RANKING

List "Best" person in box #1. Then list relative "Least Best" person in Box #21. Then, list "Second Best" in Box #2, "Second Least Best" in Box #20 etc.

OBJECTIVE RANKING CODE
Enter "code" in column O R (Objective Ranking); enter "S", or "VA" etc. after the Alternate Ranking.
List relative highest or best to relative lowest or least best.

S = Superior
VA = Very Acceptable
FA = Fairly Acceptable
U = Unacceptable

NAME (last Name First)	O. R. CODE	COMMENTS
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		

PREPARED BY	TITLE	DATE

CARE-FOR is a full service, native Kansas City professional consulting firm dealing only in "people problems". It gives the Chief Executive someone to talk to.

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THE TRAIT APPROACH

Probably the most widely used appraisal system in the retailing, as well as other industries, is the trait approach which usually consists of a series of traits plus a rating scale sometimes with description under each rating.

Some sample traits which appear often on such appraisals are: dependability, courtesy, initiative, cooperation, leadership, foresight, and judgment. Many companies merely have checks spelling out the extent of each trait with very broad terms such as unsatisfactory, borderline, acceptable, excellent, and outstanding. Others will put a numerical rating on each, with the entire scale running from 1 to 25. There may be a rating of 1 to 5 under judgment, and end up with a spread so that at the other end the numbers (under poor) will run from 21-25.

Two illustrative reports - one from Miller and Payne in Lincoln, Nebraska, and one from Miller and Rhoads in Richmond, Virginia - are indicative of this type of approach.

Both of these reports have some very important additions to the usual method of traits appraisal systems. Note that each has the quantitative measures for individuals included in the rating. Also, room for comments are included, and future plans for that individual are also considered. Note that the Miller and Rhoads form has space for employee signatures showing that the rating has been discussed with him and further consultation can be asked for if the rating seems unfair.

Trait appraisals have been subject to criticism on several bases. The chief criticism is that they are very subjective and too often do not really measure the job being done. The second big criticism is that there is little consistency by different raters. What to one supervisor seems good judgment may appear only fair to another; what is good quality of work in one supervisor's eyes may only be passable in another's.

Again, the listing of the traits which are necessary to the particular job may be hard to determine. Will judgment, for example, be necessary in every job, and are tact and courtesy really as necessary for the stock boy as the person waiting on customers? Predictability of success on the next job up the ladder is hard to determine.

MILLER & RHOADS

MERIT RATING REPORT FOR SELLING EMPLOYEES

Store No. & Name _____ DATE OF RATING _____

Net Sales	Hours Worked	Dollar Sales Per Hour	Percent Returns	Avg. Hourly Earnings	Gross Earnings	Selling Cost	No.Weeks Quota Made	Rank in Department

RATING FACTORS:

SALES PRODUCTION

Evaluate sales statistics recorded above.

Excellent | Good | Improvement Req. | Unsatisfactory

Remarks: _____

MERCHANDISE KNOWLEDGE

Consider knowledge of locations, uses, qualities, and selling points of merchandise; fashion knowledge; knowledge of advertised and displayed merchandise.

Excellent | Good | Improvement Req. | Unsatisfactory

Remarks: _____

CUSTOMER RELATIONS:

Consider ability to inspire confidence, to maintain courteous and friendly manner with customers, to evidence sincere interest in customers' needs.

Unsatisfactory | Improvement Req. | Good | Excellent

Remarks: _____

ACCURACY:

Consider compliance with store systems and procedures for handling all sales records, legibility and accuracy of salestickets.

Unsatisfactory | Improvement Req. | Good | Excellent

Remarks: _____

STOCKKEEPING:

Consider maintenance of stock with respect to neatness, orderliness and completeness.

Excellent | Good | Improvement Req. | Unsatisfactory

Remarks: _____

ATTITUDE:

Consider cooperation and loyalty in regard to company policies, fellow workers and supervision.

Unsatisfactory | Improvement Req. | Good | Excellent

Remarks: _____

APPEARANCE:

Consider grooming with respect to store and department dress standards.

Unsatisfactory | Improvement Req. | Good | Excellent

Remarks: _____

ATTENDANCE:

Consider dependability in regular attendance; promptness with respect to hours of work, lunch hours and relief periods.

Excellent | Good | Improvement Req. | Unsatisfactory

Remarks: _____

EXCELLENT ..... Means performance superior to the established standard; exceptional and outstanding.

GOOD ..... Means performance higher than the established standard; above average.

IMPROVEMENT REQUIRED. Means performance at the minimum of the established standard; immediate steps to improve performance required.

UNSATISFACTORY..... Means performance below the established standard; immediate corrective action required.

INSTRUCTIONS FOR RATING: Make your rating on the entire period covered and not upon isolated instances. Rate on each factor separately: do not allow your opinion on one factor to influence your evaluation on other factors. Check the person on the rating scale which, in your opinion, best describes the employee, and use the space provided for explanation.

CONCLUSIONS AND RECOMMENDATIONS

SUMMARY RATING:
The overall performance rating of this employee is:

Excellent | Good | Improve. Req. | Unsatisfactory

STRENGTHS: _____

AREAS FOR IMPROVEMENT: _____

RATING SUPERVISORS: _____ Date _____

_____ Date _____

PERSONNEL COUNSELOR: _____ Date _____

To Be Completed by Employee Rated

My rating has been fully explained to me _____ Date _____
(Signature of Employee)

CHECK ONE: I consider this rating to be fair ☐
I would like to discuss my rating with the Personnel Office ☐

Discussed with this employee: _____

Results of the Interview: _____

Date

MILLER & PAINE EMPLOYEE PERFORMANCE REVIEW

(Instructions contained in Manager's Policy Manual)

PERIOD COVERED	DATE SENT	DATE DUE
2/7[illegible]-01/7[illegible]	2/28/7[illegible]	3/06/7[illegible]

NAME	DEPARTMENT	HOUSE NO
DOE, Miss Jane	502	1384

TOTAL SERVICE	QUOTA CAPACITY	HOURLY RATE *	TOTAL SALES	TOTAL PAY	COMMISSION SALES	COST %	SALES PER HR.
8-19-68	N	1.60	23875	1488	1432	6.2	33.27

JOB TITLE	JOB GRADE
SALESPERSON PTR	

DATE ENTERED PRESENT JOB	TRN/HR	HOURS WORKED	TOTAL	PON SELL	SELLING	OTHER
9/19/68	.92		740	3	718	19

1432 ÷ 718 = 2.00

Please rate the employee on the appropriate sections, then write a description of this person's job performance considering time on the job and previous experience. This must be detailed enough to permit an informed 10 minute interview.

A. ALL EMPLOYEES

	UNSATISFACTORY	OUTSTANDING	EXCELLENT	ACCEPTABLE	BELOW ACCEPTABLE	UNSATISFACTORY	PROBATIONARY
JOB KNOWLEDGE			X				
JUDGEMENT & PLANNING				X			
MEMORY AND ATTENTION TO DETAIL				X			
QUALITY OF WORK				X			
QUANTITY OF WORK			X				
PHYSICALLY ABLE TO PERFORM JOB DUTIES				X			
ATTENDANCE, PUNCTUALITY				X			
RELIABILITY, COOPERATION				X			
TACT & COURTESY				X			
LOYALTY, JOB INTEREST, ENTHUSIASM				X			
ACCEPTANCE OF INSTRUCTION & TRAINING				X			
ADAPTABILITY TO NEW METHODS				X			
APPEARANCE APPROPRIATE DRESS & GROOMING			X				
VOICE, POISE, DIGNITY			X				
CARE OF TOOLS & EQUIPMENT				X			

B. SALESP., SALES SUPV. & DEPT. ASSIST.

APPROACH & GREETING				X			
DETERMINING CUSTOMER NEEDS				X			
SELECTION OF MERCHANDISE TO SHOW			X				
CREATING DESIRE				X			
MEETING OBJECTIONS				X			
INDUCING DECISION				X			
SUGGESTION SELLING				X			
PROFESSIONAL MANNER			X				
COURTEOUS CLOSING OF SALE			X				

SALES BY DEPTS.		% OF TOTAL	DEPT. % OF GROUP TOTAL
003	7.50	.0	
004	54.50	.2	
005	.93	.0	
008	7,334.52	30.7	30.62
009	4,404.79	18.4	31.90
011	137.00	.6	
012	51.99	.2	
014	14.50	.1	
016	312.96	1.3	
018	706.00	3.0	
019	2.50	.0	
022	24.00	.1	
036	10.00	.0	
045	178.51	.7	
049	10,453.87	43.8	37.48
066	179.92	.8	
	23,875.49		

2.01 per hr on annual report. M.S.

* * * * * * * MANAGERS COMMENTS * * * * * * *

Laura has a good following of customers who ask for her service. Greets customers professionally — Looks the part of a high fashion sales person. Does more stock work without being asked than she used to do. She is always punctual and reliable. Sickness & her recent operation has slowed her down a bit as to quantity of work and memory to detail, but she is continually increasing in proficiency.

M.S.

MFG JOB TITLE

DATE LAST INCREASE	PREVAILING RATE	1st Q.	MED	3rd Q.
2/01/68				

Needs to sell more in #9

M.S.

*Note - Form was developed when minimum was $1.60 per hour.

C. ADMIN. & SUPV. ONLY

	UNKNOWN	OUTSTANDING	EXCELLENT	ACCEPTABLE	BORDERLINE	UNSATISFACTORY	DISCUSSED W/EMPL.
STAFF PLANNING & SUPV. FLOOR SERVICE							
ADVERTISING & PROMOTION PLANNING							
INTERSELLING							
TRAINING & RETRAINING							
HUMAN RELATIONS							
COMMUNICATIONS							
STOCK CONTROL & STOCK REPLACEMENT							
DEPT. DISPLAY & DEPT. CLEANLINESS							
ORDERS & REORDERS							
CHECKING INVOICES & PRICING							
MARKING, REMARKING & MARKDOWNS							
PROCESSING REPORTS							

ENTER BASIC SCHEDULE:

Days Mon Thurs Sat
Hours 4 9 5

BASIC HRS PER WK: 18 hrs

DUTIES CHANGED? ☐ YES ☒ NO

COMPLETED TRAINING IN WHAT DEPTS.? #4, #9, #8

SHOPPER'S RATINGS: SSA 1%

1-7-72 E
6-14-72 E
11-29-72 VG

MANAGER'S RATING:

OUTSTANDING	
EXCELLENT	X +
ACCEPTABLE	
BORDERLINE	
UNSATISFACTORY	

IF SALESPERSON NOT MAKING QUOTA, EXPLAIN WHY:

CHECK (X) The action you plan for the employee

☒ 1. Continue on present job

☐ 2. Increase responsibilities by _____

☐ 3. Change duties w/o promoting _____

☐ 4. Transfer to _____

☐ 5. Probation to _____

☐ 6. Release (when) _____

Recommend Salary Increase (what amt.?) Yes 10¢ hr

Do not believe increase indicated at this time because present rate seems proper considering: (check one) to $1.70

☐ PRODUCTION ☐ ABILITY ☐ JOB ATTITUDE ☐ BUDGET

Is there anything of below standard nature that should be made a matter of record? If none, write none.

None

If so, has it been discussed with employee?

If not discussed, do you wish Personnel to conduct a joint interview with you?

Bill 3-2-73

Amy 3-2-73
DEPT. MGR. INITIAL & DATE

Personnel Manager's Comments:

To: Mr. J. E. D.

Again we have a most pleasing report. In the case of Mrs. Doe and the 10¢ per hour raise recommended by John (to $1.70 per hour) I do not concur inasmuch as it would establish a varied rate which would quickly sweep through the rest of our store departments. Previously approved by you, however was for this area if they could produce at $2 per hour level we could jump them from the basic minimum of $1.60 per hour to the rate of $2.00 per hour -- but they must show they can maintain this during the peaks and valleys of the year. With Mrs. Doe at $2.00 per hour on her average earnings per hour, I'm not sure she could maintain that level.

My recommendation would be to refer this back to John and Ann, and if after examination of her month-by-month production they feel she is ready for that jump to go ahead it to $2 per hour. If, of course, she cannot maintain it she will have a reduction in her base rate, or terminate if she should oppose the reduction.

THE ASSESSMENT CENTER

The word center is the key element of this type of appraisal. It denotes that assessment is made away from the job at a designated spot. The second factor in the assessment center approach is that it is a multiple appraisal, both in the techniques involved and in the utilization of several appraisers for each person being appraised.

The process starts by the study of successful executives in the firm, and a synthesis of the characteristics each possesses that have made him successful. The object is to find these same characteristics in the employees being appraised, with the hope that if individuals exhibit these characteristics,they too will be successful.

Most centers involve the selection of the candidates by the immediate supervisors, although some companies allow volunteers or selection by other management personnel. These candidates are then sent to a location far enough away from the job to allow for no disturbance either from the job or from home. The usual duration can vary from a few days to two or three weeks.

While in residence the candidates are subjected to a multiplicity of measuring devices. These include batteries of psychological tests, in-basket exercises, non-directive and directive group discussion, speech making, intensive biographical interviewing, plus others.

Skilled interviewers, psychologists, successful executives, and personnel managers are utilized in the application of these techniques and in observation. It means that usually there are almost as many people involved in the administration phases as in the taking phase. It means that an applicant has the advantage of being viewed by more than one person and by more than one measuring instrument.

Toward the end of the period, feedback on performance is supplied to the applicant and to the company too. The strengths and weaknesses are examined and used to draw up plans for improvement. In most cases such plans are carefully pursued, and the employee's performance is reassessed after a suitable period to see whether or not the weak points have been strengthened.

MACY'S ASSESSMENT CENTER HELPS PREDICT EXECUTIVE SUCCESS

Written for NRMA "Personnel News and Views" by S. J. Mineo, Executive Conference Leader, Macy's New York.
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Periodically measuring performance in an employee's current job is an absolute must if management wants reassurance as to quality and quantity of production. Such measurement can also determine strengths and weaknesses and can lay the foundation for improvement. Management, however, would like to find a method whereby performance on future more complicated jobs could be reasonably predicted.

One technique that has been heralded as doing this with highly positive correlation is the assessment center. The basic concept of assessment centers is to find candidates in advance with the same qualities as your current successful executives. This entails, of course, first of all finding out what those qualifications are. The second concept is a multiple assessment of the candidates in a multiple task or test involvement of the candidates. In the "purest" assessment center it usually meant doing this in an environment other than the work place, over a period of a week or at least several days. The exercises most commonly planned for the candidates covered in-depth interviews, psychological testing, in-basket exercises, and group involvement. The assessors could include a trained psychologist, top and middle management personnel from the company involved, and occasionally peers of the candidates. The pooling of assessments of the end of the assessment center project is said to provide a solid basis for selection of promotable candidates, and in a case involving company candidates an opportunity for providing future plans for improvement in order to meet the executive job requirements. Success stories of assessment center candidates, after they have been on the job for a time, are numerous and encouraging.

Some companies have been reluctant to start such centers on their own and have sent candidates to assessment centers at universities or the American Management Association. These have the advantage of trained assessors but on the other hand might miss the touch of having a program geared to individual company personnel and company needs.

Other companies, such as G.E. and ATT&T, have full-fledged assessment centers including all the trimmings. Macy's has done a streamline job through the limitation of the assessment center to candidates for first line management jobs primarily filled by college graduates, a limitation of the exercises, and the assessors chosen from Macy executives only. So far,tracking those who have gone through the assessment center seems to prove that the method is paying very good dividends. Perhaps by reading about Macy's experience you may be encouraged to explore the possibilities of this procedure for your own store.

The assessment center is at Macy's Herald Square for Macy's New York. Similar centers are set up in SanFrancisco and Atlanta for candidates in those areas. The timing is one-half day, and the assessors are Macy executives who have been trained in assessment techniques by the Executive Training Department of Macy's. (Incidentally, assessors gain from the process as well as the candidates, because they become better communicators, interviewers and evaluators in their own jobs.)

The Macy criteria against which candidates are measured include such items as: "Decision Making"which, translated, means "Selecting an optimum course of action based on the goals and constraints of the situation; defers only when necessary"; and "Initiative" meaning "Introducing one's thoughts and action into a situation." There are seven major items included as criteria definitions. You may want more, or less, as determined by your situation.

Candidates are chosen from the recruits at colleges or universities, and

some by supervisory recommendation. Twelve are scheduled to go through the assessment center at one time. There are six Macy executives scheduled for each group of twelve candidates. The idea is that each candidate will be reviewed by different executives. Assessors include both top and middle management executives, and at the present time the number is well over 100 trained assessors. Last year Macy's, out of well over 2000 candidates interviewed, sent 500 people through the assessment center in New York. Of those, approximately thirty percent were offered positions. (This is in line with the positive trend of spending more care and time in initial hiring which, in the long run, proves as a brake on turnover and better match of abilities and jobs.)

The exercises involved in the center include three components: an interview, an in-basket exercise which is combined with a role playing interview and a group discussion.

In the interview (the first exercise,with a Macy executive being the interviewer and the candidate the interviewee) the interviewer is given a guide to follow. The interview is geared to cover information not recorded on the resumè. Such questions as "What was the biggest problem you had, either at school or at work, and how did you go about solving it?" and "How did you choose your major? Have you considered doing graduate work?", etc. Answers to the questions shed light on how the candidate measures up to the original criteria.

Each assessor is given an interview report form on which he gives his impression of the candidate.

The second exercise is the in-basket, which is a simulated exercise representing an "in-basket" suddenly inherited from another executive by a newly appointed executive. The method in which the candidate handles the 14 items involved gives an indication of how he, as an employee, would handle such knotty issues as priorities, problem solving, and decision making. The exercise is a very real one. You may be interested in learning more about this technique as an interviewing tool. Those who have used it find it very worthwhile.

After the in-basket exercise is completed, the candidate is again interviewed by a different executive from his first interview about how he handled the "in-basket". His explanations are sometimes more revealing than his actual handling of the items in the in-basket.

The last exercise involves a leaderless group discussion by the candidates while being observed by the assessors. Candidates are then asked to rank the group according to their own impressions and to evaluate themselves. One of the most interesting ideas at the end of the assessment process is to ask the candidates for a single word describing reactions to the whole process. Some words that have resulted are: "anxious," "interesting," "mind boggling," etc.

Candidates are then taken to lunch with the assessors. It is another time

for observation, but it is kept on a friendly, informal basis. Often the assessors reinforce their more official ratings in the informal manner.

After lunch the assessors meet and give an individual rating for each candidate on each exercise, on a one to nine scale. The total score of each candidate is then made by each assessor. More often than not there is a unanimity of ratings. Comments on candidates, or on the process, are also requested so that future assessment centers may be changed with changing requirements and times.

Offers are made on the basis of the ratings. Those who are not considered are written to and informed early so there is no long period of anticipation and then disappointment. A good percentage of applicants who are invited accept positions.

It should be noted that, in addition to the assessment center geared to finding candidates with potential, Macy's has an on-going performance review program for their executives. Together these programs help Macy's maintain an ongoing successful management team.

Macy's New York Assessment Center

SUGGESTED INTERVIEW QUESTIONS

Education

1. How did you choose your major?
2. Have you considered doing graduate work?
3. Which of your extra-curricular activities do you think will be a lifetime interest?

Family and Living Arrangements

1. Have you thought about what kinds of living arrangements you would have if you worked for Macy's.

Physical Data

(If any physical conditions are indicated on the application, discuss the physical demands of retailing and remind the the candidate that a medical examination is required.)

Work Experience

1. In any job you have had, what was the best thing you did?

Functional

1. What was the biggest problem you had, either at school or at work?
2. How did you go about solving it?
3. (Same questions repeated for school or work)

Knowledgeability

1. As you know, retailing is a business of trends. I'd like to discuss recent trends in some subject that interests you -- for example, music, art, sports, clothes. What would you like to talk about?

2. How has this changed in the last ten years? What have been the major trends?

3. Do you think those trends will continue in the future?

4. If you were a merchandising executive at Macy's, what action would you recommend based on these trends?

Self-insight

1. Is there anything you would like me to know about yourself that we haven't discussed?

2. (Ask for three-word description.)

Assessor's Guidelines

CRITERIA DEFINITIONS

1.	Functional behavior	Successfully adapts to one's environment; can withstand pressure.
2.	Managerial thinking	Plans and analyzes in terms of priorities, optimum use of resources, coordinates with others, and follow-up.
3.	Oral communications	Articulate, persuasive, and concise.
4.	Flexibility	Responds well to change, criticism, and suggestions.
5.	Knowledgeability	Well informed, sophisticated, alert to current events and trends.
6.	Initiative	Introducing one's thoughts and actions into a situation.
7.	Decision-making	Selects an optimum course of action based on the goals and constraints of the situation, defers only when necessary.
8.	Self-insight	Realistic awareness of one's own strengths and weaknesses.

* * * *

But no matter who designs the Assessment Center, the company's personnel staff and line management both have crucial roles to play.

Some companies have also developed such centers for themselves. Others have sent their candidates to outside assessment centers such as the one in Pittsburgh run by William Byham who helped pioneer this technique. An article from the NRMA Personnel News and Views by Dr. Byham follows:

William C. Byham
Director of Executive Development Programs, University of Pittsburgh
(Now President of Development Dimensions, Inc. - Pittsburgh, Pa.)

Promotion decisions are difficult. Yet until recently no way existed to increase the accuracy of the decisions based on multiple appraisals. Now there is a new alternative -- the assessment center method of identifying and developing management potential. It is currently being used by Sears, Penney, Jewel Stores, Inc., and Steinberg's Limited.

This method is quite different from ordinary appraisal, as a source of information about an individual, in that it focuses on the individual's future job and not on his current job. In most situations, supervisory appraisals are fairly accurate in assessing current job performance, but they are quite inaccurate in judging potential. This is particularly so when supervisors are asked to evaluate potential of an individual for a job which is quite different from his present job. The less the two jobs are alike, the more the supervisor must guess about potential. In an assessment center, twelve individuals who are all performing their current jobs adequately are brought together for a day or two to participate in simulations of situations that they will face if promoted. A participant may have to allocate resources, delegate responsibility, analyze problems, and make decisions in handling a simulation of the kind of items he would find in his in-basket if promoted. Another exercise might call for the participant to handle an irate customer phone call, in which he must soothe the customer's feelings and at the same time obtain sufficient information to make a judgment relative to the complaint. Financial analytical ability is determined through exercises calling for the participant to analyze problems, reach decisions at a simulated management conference. Leadership, salesmanship, and personal sensitivity are evaluated in group exercises. The participant is given the opportunity to take risks, assume initiative, and be creative. Other exercises evaluate how well he can find the pertinent facts about a problem, make decisions, and withstand counter arguments. While going through these exercises, participants are observed by a group of managers two or more levels above them, who record their behavior and later meet to compare observations and estimate potential.

The assessment center method is better than normal appraisal procedures for the following reasons:

1. The exercises used are designed to bring out the specific skills and aptitudes needed in the position for which the group os candidates is being assessed.
2. Since the exercises are standardized, assessors evaluate the candidates under relatively constant conditions, and thus are able to make valid comparative judgments.
3. The assessors usually do not know the candidates personally, or at least are not in a direct supervisory capacity, so, being emotionally disengaged, they are unbiased.
4. The assessors are shielded from the many interruptions of normal working conditions and can pay full attention to the candidates' behavior.

5. The procedures focus the assessors' attention on the primary kinds of behavior that ought to be observed evaluated in the promotion of the candidate.

6. Assessors have been trained to observe and evaluate behaviors.

Industrial Use of Assessment Centers

The assessment center method has been in use by companies such as AT&T, IBM, GE, Caterpillar Tractor, and Standard Oil (Ohio), for periods up to fourteen years. Research conducted by these organizations consistently shows the assessment center to be two to three times as accurate as supervisory judgment used alone. (Byham, Training and Development Journal, December 1971). It is accurate evaluating candidates for presupervisory training, for evaluating candidates for top management positions, and for all positions in between. In general, the higher the level of management for which the individual is being assessed, the more accurate the method.

Assessment centers can be designed around varying organizational goals. The most common are to obtain the following:

1. Detailed description of the individual's strengths and weaknesses.

2. Estimate of the individual's potential.

3. Training and Development recommendations.

Centers result in a report which is given to management for consideration, along with other relevant information about the man or woman. In most instances, the participant himself gets an oral feedback regarding his performance at the center to aid him in planning his own development.

Retailers and Assessment Centers

Various retail organizations have applied the assessment center method at different levels, according to their own needs. Some, such as Sears Roebuck, use the method in hiring management trainees; but more commonly the method is used in evaluating management potential for middle management positions in large stores, or manager positions in smaller stores. In some cases, stores are attempting to identify people four to seven years before they will actually assume the projected position, so they may be given the necessary developmental experiences to prepare them for the position. In others, management is seeking a person for a specific open slot. An increasing use of the assessment center method is to identify blacks and women with managerial potential. Organizations have found it to be an effective means of identifying people to meet the companies' equal employment opportunity goals. Another common retail use of centers is to increase interdepartmental mobility. Managers who were previously reluctant to take an "unknown quantity" from another department or store will willingly take an individual "certified" as having management potential by the assessment center.

Part of the recent interest in this technique among retailers results from the current general disfavor of paper and pencil psychological tests. Tests cannot be used any longer without expensive validation research that most retailers cannot afford, especially for tests for higher levels of management. To the extent that an assessment center simulates the actual job requirements needed, and if conducted properly, it is much more acceptable than tests to the EEOC and other government agencies. More importantly, research has shown assessment centers to be more accurate than tests, as they measure what a person actually does in a situation, not what he says he does or would do.

The Plus Side of Assessment Centers

In addition to accuracy of prediction, assessment centers also have some added pluses. Participation in assessment centers is a training experience for the participants because they try their hand at challenging problems and get feedback on the results. Participants like the idea of a center because it seems to them to be a fair way to show their abilities in situations that are exactly common and thus fair to all.

Perhaps the most important extra advantage of assessment centers if the effect on the management assessors. A major retailing executive commented that the experience of being an assessor had a more profound effect on his executives than any training or developmental program they had ever had in his company. Management assessors get experience interviewing, observing, and recording behavior and other management skilld, all of which are directly applicable to their present job. Skills in making supervisory appraisals and conducting motivational appraisal interviews are especially increased.

The Minus Side of Assessment Centers

The principle deterrent to the use of the assessment center method is the time required. Entry level centers require one day to run and another two days of the management/assessors' time for the discussion. Higher level centers take two or two and one-half days of participant time, and as much as five days of assessor time. The usual ratio in assessment centers is twelve participants and six assessors, although many other combinations are used. An administrator is also needed. In addition, assessors must be trained, which takes a minimum of three days.

Out of the pocket assessment center costs are relatively minor. Materials to assess twelve people run around $200. Additional expenses include travel and room and board, if the center is operated in a motel rather than on company premises.

Planning and Testing Is Essential

The most difficult thing about running an assessment center is its initial planning. The concept is deceptively simple, and many mistakes that can affect accuracy of results and employee morale can be made. It is important that all activities related to the assessment center be thorough throughout and planned before any steps are made. After a plan is made, an organization must determine the managerial dimension it is seeking. Focus should not only be on management needs of the present, but those projected for the future. Exercises that bring out the defined dimensions can then be

selected. Development Dimensions, Inc., 767 Colony Circle, Pittsburgh, Pennsylvania, provides a catalogue of such exercises, including a number of exervices specifically designed for retailers. Assessors next must be trained, the assessment center conducted, and the results communicated.

While the initial applications of the technique have been by large retailers, smaller firms are increasingly applying the concept. For instance, after its successful application in its food stores, Steinberg's Limited of Montreal, Canada, is now putting in an assessment center in its relatively small Miracle Mart retail discount chain. The ideal way to install a program is to hire a consultant to aid in the planning and in identifying dimensions, choosing and/or developing exercises, training assessors, conducting a pilot program, and training local management to handle all future programs. Such aid usually costs from $4,000 to $8,000, depending on what is needed. Organizations that want to do it themselves, or partially by themselves, can send representatives to be trained in the techniques of program administration. Such programs are offered periodically.

Where to Learn More

To further learn about the assessment center method, the following articles are recommended:

1. "Assessment Centers for Spotting Future Managers", Harvard Business Review, 1970, 48 (4), 150-160 and appendix, Dr. William C. Byham.

2. "Increased Opportunities for Women Through Management Assessment Centers", Personnel, Sept.-Oct. 1971, Douglas W. Bray.

3. "Assessment Centers as an Aid in Management Development", Training and Development Journal, Dec. 1971, William C. Byham.

While a procedure such as this is expensive, the investment is small compared to the cost of a wrong decision. A poor selection can cost your store money for a very long time, while a good selection can make you money for a long time. It seems like only good judgment to maximize your chances of making the right selection.

Editor's Note

William C. Byham was Director of the Executive Development programs at the University of Pittsburgh. Formerly, he was a management development specialist at the J. C. Penney Company where he developed their assessment center programs. He is now President of Development Dimensions, Inc., an organization specializing in aiding companies in identifying and developing management potential. In this capacity, he has aided several retailers in the United States and Canada in starting their assessment center programs. He has also traveled as far as Johannesburg, South Africa, to aid a retailer there in setting up assessment centers.

A comprehensive discussion of assessment centers and related techniques is presented by David Monroe Miller, a well-known New York consultant and author.

MANAGERIAL ASSESSMENT TECHNIQUES
by David Monroe Miller

Most of this book will be concerned with the evaluation of a person's performance in his present job. In this chapter, we focus on techniques for evaluating a person's over-all strengths, weaknesses, and growth potential in a given organization, without reference to any particular job. Most of the chapter is devoted to the Assessment Center approach. Since an Assessment Center is basically a composite of many different techniques, we first discuss other methods of obtaining a total evaluation of an individual. Our special focus is on the managerial level.

While there is no intrinsic reason for limiting assessment techniques to managers rather than staff employees, in practice there are many sensible reasons. An executive, by definition, is (a) upwardly mobile in the organization; (b) a generalist rather than a specialist; (c) partly responsible for the performance and morale of other persons in the organization; (d) required to work under extreme pressure of a long-term nature. All of these facts make it important to inquire about a person's abilities and personality characteristics in depth and with sophistication, and justify going to some expense.

Traditional Methods: Trait-Rating and Interview

There are four methods of assessment generally used in industry today. First, as we have previously noted, many performance appraisal forms provide for a rating on the person's observed traits as well as his job performance. There are three obvious drawbacks to the method of trait-rating:

1. The rating is usually done only by one individual.
2. He or she is often given no guidelines or special training on how to make the assessment.
3. The traits are observed in the context of performing an existing job. However, the demands of the job itself, and other temporary situational factors, should not be confused with a general assessment of a person's basic strengths and weaknesses. For example, a person might appear to be indecisive under an overbearing supervisor but turn out to be just the opposite when given adequate leeway.

The second and most common method, the interview, has the same first two drawbacks. In addition, most interviews are usually focused on a specific job opportunity. Once again, the individual is assessed in the context of a specific situation - this time a hypothetical one in the future rather than a concrete one in the past. If the primary need is to fill the job, then a job-focused interview, relying heavily on technical knowledge and background experiential factors, may well be effective. But if the need is to recruit all-around capable executives into the organization, with future needs in mind, a person-centered approach is required.

Yet even the broadest interview conducted by the most trained interviewer has severe limitations. Judgment of intellectual capacity can only be superficial. Psychological needs - both normal and abnormal - cannot be evaluated without clinical training, and even then one interview supplemented by nothing else does not suffice. Candidates vary widely in their interviewing skills, as opposed to genuine work skills, and interviewers - even when well-trained - invariably differ in their own preconceptions and reactions.

Psychological Appraisals

One way of making assessment generalizable, professional, and to some extent objective, is the psychological ("clinical") appraisal battery. The battery usually consists of the following elements:

1. Depth or "clinical" interview (focusing on the whole person, not just his work situation, with special emphasis on certain psychological themes).

2. Projective tests. Examples are the Rorschach Ink Blot Technique and the Thematic Apperception Test (T.A.T.). The latter is especially important in uncovering achievement needs.

3. Intelligence tests. The most common is the Wechsler Adult Intelligence Scale. This comprehensive one-hour examination is individually administered, and measures non-verbal as well as verbal IQ.

4. Personality Inventory ("Self-Reports"). The best known and most comprehensive is the Minnesota Multiphasic Personality Inventory (MMPI), which has over 500 questions relating to a variety of psychological dimensions.

The cost of a psychological appraisal may run between $200 and $800, depending on the breadth and depth of the techniques used. The time required may vary between half a day to one or two full days (in the latter case, testing should be spread out over intervals rather than all at once).

Cost alone precludes the utilization of psychological appraisal on a volume basis. But in certain individual situations, the investment might be quite small considering what is at stake. An executive who is paid, say $50,000, actually may be responsible for millions in plant, equipment or sales volume. Moreover, he is also in part responsible for the performance and development of all persons in his chain of command. An appraisal may help protect these investments by answering questions such as the following:

1. How are the executive's business decisions affected by his inner psychological needs?

2. What are his probable responses to unusual stress, conflict, or adversity?

3. How strong is his underlying base of loyalty and warmth to others, compared to his self-interest needs?

4. Is he presently fulfilling his total intellectual and creative potential? What are his limitations and upper bounds? What changes in his environment can help him reach these bounds?

These same questions, and many others, can also be asked of prospective executives as part of the hiring process. Clearly the cost would be negligible if the answers themselves, and their relevance to future performance, were certain. But no psychologist would ever make such a claim. What is fairly certain is that psychological appraisal offers the best chance of getting at important underlying personality factors, compared to other assessment techniques.

Like any of the other forms of appraisal discussed in this volume, a psychological appraisal is of little value without some kind of follow-up. For example, the consulting psychologist might suggest (or personally conduct) individual counseling sessions, or make recommendations for different placement, or a change in the mix of responsibilities - not as a sudden response to the appraisal, but as a long-term strategy in the development of this particular individual.

There is no reason at all to presuppose that the results of a psychological appraisal, or the ensuing recommendations, are likely to be negative. On the contrary, an appraisal is most useful when it is directed at uncovering hidden strengths as well as potential weaknesses. Nonetheless, when using psychological appraisals, great care must be taken to protect the morale, confidentiality, and legal rights of appraised persons. The best safeguard is to utilize only a reputable psychologist or psychological consulting firm, and to follow the expert's procedural recommendations to the letter. The following guidelines may be helpful in this regard:

1. The psychologist, or team leader if more than one participates, should be a member of the American Psychological Association.

2. Pencil-paper tests of intelligence should be avoided, even when administered by a qualified psychologist, unless they have been found to be valid for your company's purposes.

3. Under no circumstances should psychological appraisals be conducted by mail. (However, with some tests, such as the M.M.P.I., it is perfectly permissible for the psychologist to administer them in person and then mail the form to a scoring bureau.)

4. There must be a clearly-stated policy as to which persons in the organization (including the subject himself) may have access to the overall evaluation or its individual components. The actual content of such a policy may differ from company to company.

It is best to discuss the exact uses of the appraisal with the psychologist, and then follow his or her recommendations as to dissemination of results and feedback to the individual.

5. To relieve anxiety, and obtain fullest cooperation, executives should be selected for appraisal on a known impartial basis - for example, all persons at or above a certain organizational level - rather than as isolated cases. This principle even applies to outside applicants for a vacancy. If any finalist is to be appraised psychologically, then all should be, and all should be made aware of the possibility early in the application stage.

6. As in all forms of appraisal, the company must believe, understand, and communicate the fact that the purpose of a psychological appraisal is to aid the individual as well as the company.

If all of these provisos are adhered to, and if the company does not expect miracles, but only the best that psychology has to offer, then the psychological appraisal can have extremely high benefits that far outweigh the cost.

Assessment Centers

The Assessment Center method combines some features of Trait Ratings, Interviews, and Psychological Appraisals, and adds several other methods. There is no one specific technique that can be labeled as the defining characteristic of an Assessment Center. Rather, it is an approach to evaluating personnel that has the following characteristics:

1. Each person is evaluated on a large number of pre-established traits, behavior, skills and other evaluation criteria. In this regard, an Assessment Center is similar to a Trait Rating, but the evaluation criteria are more comprehensive and defined in greater depth.

2. A number of different exercises are constructed to help evaluate the person according to the specified criteria. Interviews, tests, group discussion problems, role-plays, and stress situations are examples of different kinds of "exercises".

3. The individual is rated not just by one person, but by a group of judges. The judges, or "Assessors", are usually high-level company executives and/or staff psychologists.

Thus, the most comprehensive definition of an Assessment Center is: A multi-criterion, multi-method, multi-judge procedure for evaluating personnel. The key elements - criteria, methods, and judges - are simply extensions of individual concepts that are used in all kinds of appraisal methods. What gives the Assessment Center its special

flavor is that it is an actual event that takes place in specific time period. Two or three days is most common, but it can range from one day to a whole week. The persons to be assessed - known as "candidates" or "assessees" - are usually brought together in groups of about a dozen, often at some special off-company facility.

The candidates are usually persons within the company, who are being considered for greater responsibilities - although not necessarily in the immediate future. The aim of an Assessment Center is to establish a comprehensive evaluation of a person's long-run general potential rather than to evaluate his specific qualifications for a given job. Thus the Assessment Center technique is not designed to replace the job interview or the performance appraisal. In this aspect it resembles the Psychological Appraisal - and indeed there is no reason why psychological testing cannot be built right into the assessment center's mix of methods.

Although an Assessment Center can be administered entirely by company personnel, it should be designed with the aid of a behavioral or clinical psychologist who has had experience using the technique. Because of its logistical complexity and psychological subtleties, an Assessment Center is liable to many sources of error for the unwary. Usually it is an expensive procedure, although it need not be. On the other hand, when properly designed, it can actually be a highly economical tool since it increases the knowledge and predictive power at the company's disposal.

Another reason for utilizing professional outside help is the analytical aspect of the Assessment Center. It is not only an appraisal technique, but is part of a total personnel development system. Design of management development procedures, and the specification of criteria that are indicative of success and failure, is often a task that is ideally suited to an objective professional outside the organization.

But no matter who designs the Assessment Center, the company's personnel staff and line management both have crucial roles to play. The following chart shows the major roles of the personnel department, line executives, and consulting psychologist.

FIGURE 1. SUGGESTED ROLES AND RESPONSIBILITIES IN ASSESSMENT CENTERS

Project Staff	Company Executives	Consulting Psychologist or qualified Project Manager
• Define management needs; select appropriate "target population" to be assessed	• Recommend candidates for Assessment	• Recommend and define precise Evaluation Criteria
• Participate in all aspects of Consultant's work (see Column #3)	• Serve as Assessors and encourage others to do so	• Design exercises
• Serve as Program Chairmen	• Follow-up Assessment of own subordinates with appropriate training and development	• Train Assessors
• Serve as back-up Assessors when needed.	• Recommend changes in procedures and underlying development policies	• Devise scoring system
• Direct and integrate the non-assessment activities		• Design long-term validation research
• Keep detailed records, including raw data, of all Assessment Centers		• Evaluate and revise Assessment Center based on preliminary results
• Design policies and procedures for disseminating results and taking follow-up action		

Do not be misled by the size of the columns in Figure 1. Ultimately the key input in the Assessment Center process is the skill, dedication, and follow-up of the line executives. If your organization cannot count on their reliable, enthusiastic participation - possibly requiring several business days per year - then it might be better to forget about the Assessment Center technique. (Some companies rely heavily on staff psychologists rather than line executives, but this is not practical in the retailing industry, and is becoming less prevalent even in industries where psychologists are employed in abundance.)

In the following section we itemize the major variables involved in an Assessment Center, and suggest several alternative versions depending on your company's requirements.

I. Candidates for Assessment

Junior or middle-management executives. In retailing, the best example would be Department Managers or Assistant Buyers. The Assessment Center results might play an important part in determining further promotion to Store Manager or Buyer. It could also conceivably indicate which career path - store line or buying line - would be the best fit with the individual's capacities.

Staff level personnel considered for promotion to executive ranks. This category is somewhat rare in the retailing industry, which often fills its executive positions with college graduate trainees. In order to decide on promoting a talented clerk to Department Manager, an Assessment Center is probably not necessary - especially if the job is going to be the terminal promotion. Assessment Centers have their greatest power, relatively to other techniqes, in predicting long-range growth potential.

Executive Trainees. R. H. Macy has pioneered in using Assessment Centers for this purpose. After an initial screening on the college campus, the prospective Executive Trainee participates in an Assessment Center. The Assessment Center result is the primary input to the hiring decision, although scholastic record and work background are also taken into consideration. The procedure used in Macy's New York Division is described in detail elsewhere in this volume.

The three alternatives are not mutually exclusive, nor do they exhaust all possibilities. The Assessment Center method can be used, in principle, for any population. But the groups must not be mixed. Since the backgrounds, aspiration levels, and skills of different populations may be quite distinct, separate Assessment Centers (or sub-variations) should be created for each category. Your organization would be well advised to define first the most critical management-development need, and tailor an Assessment Center specifically for that purpose, later expanding into other applications.

Whatever the composition of candidates, they are usually brought together in groups of half a dozen to a dozen. It is somewhat helpful if the candidates do not know each other prior to the Assessment Center, but not an absolute necessity.

II. Assessors

Usually there are one-third or one-half as many Assessors as candidates. They will be required to spend between 1 and 5 days in the Assessment Center, during which time it is virtually impossible to conduct other business. This presents special problems in retailing, since the days are rare when there is not a special event taking place or being planned. Partly for these reasons Macy's uses a small-scale Assessment Center lasting one day.

It is standard practice to utilize only relatively senior personnel, preferably at least two levels above the population being assessed. Even more important is the mix of Assessors. A typical panel of six might include one or two Buyers, one or two Store Managers or Divisional Merchandise Managers, one executive from Operations or Control, and one Store Personnel Manager. In addition, a Personnel Staff representative thoroughly conversant with the procedures, also serves either as an Assessor or as the panel's Chairman

In addition to being mixed occupationally, the Assessor panel should be mixed in terms of age, sex, and ethnic identification. Another criterion is experience. Any given panel should consist mainly of persons who have had experience with the procedures, with only one or, at most, two newcomers. In order to meet all these desiderata, the organization must train a large pool of Assessors - probably several dozen - from which it can select individual panels as the need arises.

The Assessors have three main responsibilities: Administering the exercises (such as the Structured Interview, if any); observing the candidates in great detail; and evaluating their performance, both individually and in discussion with the whole panel.

Assessor training is the key step in the entire procedure. It is actually possible to do no more than a procedural briefing and still have a workable assessment center. But this misses the point of the technique, which is to utilize highly sophisticated and well-thought-out judgments. Moreover, an important added benefit of the Assessment Center technique is the increased knowledge and "personal consciousness" of the participating executives. Many a Vice-President has come away from an Assessment Center with a totally new outlook on the virtues of a behavioral-science rather than guesswork approach to selecting people.

Depending on the complexity of the Assessment Center, training might require anywhere from half a day to a full day, or even two. About one-third of the training time is required for specific procedural details. But the heart of the training should be general principles of observation and evaluation- many of which appear elsewhere in this volume - and actual practice in relating them to the Assessment Center techniques. The scoring system must also be explained in great detail, and practice examples given.

III. Evaluation Criteria

On the surface, the Assessors might appear to be looking at the same kinds of qualities that are on a typical Trait Rating form - for example, Intelligence. Relations with Others, Problem-Solving Abilities. Notice, however, that the first is a trait, the second a behavior, and the third a skill. Without going into the theoretical differences among these categories, we suggest that an Assessment Center be designed to provide evaluation on a mix of traits, behaviors, and skills. As an aid to uniformity, fairness, and accuracy, all of the evaluation criteria should be specifically defined in writing and made familiar to the assessors as part of their training.

Evaluation criteria should not be chosen from a textbook, but based on an analysis of your company's executive needs. The total list should be relatively short - about a dozen items - but still comprehensive. If possible, the evaluation criteria should be non-overlapping, to prevent "halo effects" and other judgmental errors. For example, Problem-Solving may tend to overlap with Decision Making, and Verbal Facility may tend to overlap with Intelligence. Wherever possible, select criteria that are concrete and specific, yet broad enough to be important.

The above principles are no different from the selection of traits or other criteria in any appraisal system. But an Assessment Center adds two important provisos in addition to all the above:

a. The criteria must be measurable, or at least observable, by means of specific exercises - not from general impressions.

b. The criteria must be geared to long-term capabilities rather than the candidates' existing knowledge or experiential background.

IV. Exercises

A. General Principles

Exercises may be analyzed in three categories: Individual and Group; Pencil-Paper and Behavioral; Work-Related and General. Testing may also take place at an Assessment Center, and indeed most tests also fall into the above categories. Obviously it is desirable to have a mix of different kinds of exercises. Yet this principle is actually subordinate to two others of greater importance:

(1) Each exercise must have a specific rationale in terms of "tapping" some, but not all, of the evaluation criteria. For example, there is no point in conducting a "Group Problem-Solving Exercise" unless the predetermined evaluation criteria include Relations with Others, Initiative, Decision Making, or some variations on them.

(2) Each of the evaluation criteria should be represented in more than one exercise, preferably in different modes. To expand on the previous example, if Problem Solving is an evaluation criterion and we have designed a Group Problem Solving Exercise,

we might also design an individual problem-solving exercise, possibly involving only a pencil-paper response. Stated negatively, the principle is that no one exercise should be the sole source of evaluation for a given criterion.

These same principles apply to the selection of tests (if any). For example, suppose that time or other considerations limited testing to two of three areas: Intelligence, Numerical Facility, and Creativity. For the purpose of selecting Executive Trainees from a pool of college graduates, the author would be inclined to select the latter two since they are more uniquely related to merchandising. Moreover, in the applicant's scholastic record or campus interview we already have some indication of sufficient baseline intelligence, but no indication at all of the other two.

B. Specific Exercises

The following list describes briefly the most common exercises used. However, their popularity is no necessary indication of their utility to your requirements. The decision as to exercises should be made on the basis of the general principles in Section A, along with obvious constraints in terms of time available, need for variety, and capability of Assessors. Clearly the exercises must be created so that the sum of all of them will enable the Assessors to have objective observable data on all evaluation criteria.

(1) Structured Interview

Unlike an ordinary interview, the questions and their sequencing should be structured in advance to get at certain selected aspects of the individual - for example, Self-Image, Decision-Making Ability (as evidenced by his thoughtfulness in his educational and vocational decisions), or Business Orientation. Another reason for structuring the interview is to make the procedure as uniform as possible. As a sparate issue from structure, the interview should not be used as a measure of traits that are better observed in a behavioral context. For example, rather than inferring "Good Relations with Peers" from what the candidate says about himself, or from his college activities, it is better to make a judgment based on an actual group exercise.

The structured Assessment Center interview should not be used to convey ordinary information about career development or to answer any candidate questions. It is strictly a task, like any of the other exercises. All non-Assessment matters can be covered in a separate interview that is not part of the Assessment Center proper - or, if time permits, simply tacked on after the structural portion is concluded.

(2) In-Basket Technique

In the basic version of this exercise, the candidate is given a batch of papers that simulate the contents of an executive's

In-Basket. He must decide which items to handle now and which to defer, which to delegate and which to tackle himself, and which to route elsewhere or simply throw away. He can write his decisions directly on the papers or (to make them re-usable) on a form provided for the purpose. His written answers are later analyzed by the Assessors in evaluating such traits as Decision-Making, Planning, or Business Sophistication. Usually there is some time pressure on the task, but not so much as to adversely penalize persons of average reading ability.

More advanced versions of the In-Basket technique require any or all of the following:

a. Planning the entire day in sequence, rather than just responding to individual items.

b. Writing answers in essay form, in order or priority, and giving (brief) reasons for each action.

c. Dispensing with written answers, instead requiring the candidate to make an oral presentation to an Assessor, acting as his boss in the simulated situation.

d. Same as above, but with the Appraiser playing the role of his boss in an active and even aggressive fashion, challenging some of the responses given by the candidate, and requiring him to come up with alternatives.

The author believes that version d. of the In-Basket is the best single exercise of all (not only in the In-Basket category), because it simultaneously measures analytical and interpersonal skills, and also adds a stress element. However, it requires intensively trained Assessors.

Irrespective of the form of the exercise, the content of the In-Basket material should be unrelated to the company's business. The point is to get an indication of a person's generalized management potential without getting hung up in specific operating decisions.

(3) Leaderless Group Discussion (LGD)

In this type of exercise, the participants are given fictitious data, which they must use in making a specific decision arrived at through a group consencus. A typical example would be selecting a person for promotion or deciding where to build a plant. The group, on its own, must define the criteria of importance, analyze the data, and use persuasion techniques on one another. Usually there is some slight time pressure.

In the partially structured version, the discussion is limited by the fact that each candidate is given a specific alternative to uphold and defend. This guarantees that everybody will participate at least once, and usually results in participants taking turns in an orderly manner rather than interrupting one another.

In the unstructured LDG, the group is entirely on its own once the instructions have been given. This version adds elements of initiative and leadership to the analytical task. The unstructured LDG is considerably more challenging and eliminates the aspect of "luck of the draw" in being assigned a position. But it requires careful training of Assessors to distinguish between the merits of what each participant is saying, and their skill inconvincing others of those merits. Care must also be taken to distinguish between sheer volume and aggressiveness of participation versus more effective but less spectacular contributions.

Whichever version is used, it is wise to assign each Assessor the task of observing only one or two candidates as closely as possible to obtain a complete, almost stenographic record of their participation. The Assessor should also carefully observe his assigned candidates, even when they are not actually speaking.

The ideal group size is about 8, but it can be as low as 4, and as high as 12. It is often advantageious to have the entire group of candidates participating in one discussion, even if it results in a large group size, to insure that each Assessor gets to see all of the candidates.

(4) Management Simulation

A management simulation, or "business game", is a complex undertaking that may require up to a full day to perform and evaluate. Participants are divided into teams and set to work on a hypothetical business problem requiring difficult analysis and frequent decision-making. Participants can be rated on interpersonal skills in the team situation as well as on their problem-solving abilities.

There is some research to indicate that the management simulation does not add much to the combined results obtained from an In-Basket and Leaderless Group Discussion. For this reason, and because of its inordinate complexity, it is becoming less prevalent in all but the very largest Assessment Centers.

(5) Stress Situations

The entire Assessment Center procedure is mildly stressful, as any evaluation procedure is bound to be. But a specific

stress situation goes further in that it adds elements of frustration and uncertainty. For example, a candidate may deliberately be given wrong directions, kept waiting, or told that his performance was poor on a given exercise even if it was good. Although a potentially rich source of information on categories such as Ambiguity Tolerance, Self Control, or even Inquiry Skills, stress situations are difficult to orchestrate perfectly and add psychological burdens to the already formidable tasks of Assessors and candidates alike. Moreover, they must later be explained to the candidates, which makes these exercises particularly vulnerable to preparation and coachine. An alternative approach is to build considerable "legitimate" (non-deceptive) stress into exercises such as In-Baskets or Role-Plays.

(6) Role-Playing

In a role-play, the participant is given a written briefing on a hypothetical situation together with the characteristics of the individual whose role he is to play. An opposing or complementary role is simultaneously played by another candidate, or by an Assessor. Both roles can also be played in groups, with candidates taking turns in speaking. Typical role situations are Superior-Subordinate, Salesman-Buyer, or Colleague-Colleague. In a more difficult version, participants are required to switch roles in mid-stream.

A well-designed role-play simultaneously tests both analytical and interpersonal skills, and adds an additional element of imagination, creativity, or flexibility in playing the role. The problem with role-play exercises is not in design or administration, but in evaluation. Inability to play a role may well be a sign of psychological difficulty - but the relationship of this hypothetical problem to business or failure is somewhat tenuous. Moreover, role-playing is partly a learnable skill which invariably some, but not all, participants will have had experience with in the past. Simply by using the most complex and unstructured versions of the Group Discussion and In-Basket, as described above, it is possible to add a role-play element to the Assessment Exercises without making it a category of overriding importance.

(7) Psychological and Mental Tests

The many technical, legal, and public-relations aspects of tests are so complex as to prevent our discussing this subject in full. The most general statement is that if tests are to be used in the company, on their own merits, there is no reason not to include them in the Assessment Center. But the following guidelines should be observed:

a. Test scores can only be interpreted by persons with specialized training. They should not be made available to the Assessors, but factored in separately in the overall evaluation.

b. Tests should be given under standardized conditions, of which time of day is a fairly important one. A test that is given company-wide always in the morning should not be given to Assessment Center candidates in the afternoon (especially after a grueling morning of Assessment exercises).

c. The relationship between test performance and Assessment Center performance, in terms of overall evaluation, must be worked out rigorously before the Assessment Center is conducted.

(8) Informal or Semi-Formal Observations

Informal observations are simply whatever observations the Assessors have made of the candidates during the Assessment day(s) outside the exercise format - for example, casual conversations in the halls. When non-exercise situations are deliberately structured so as to give Assessors a chance to make such observations, they are considered semi-formal. An example might be luncheons, orientation sessions, or career development workshops that are part of the total event, but not presented to the candidates as actual assessment exercises.

There is nothing"unfair" about informal or semi-formal observations, since candidates are, after all, on company premises and company time. The danger is that their lack of rigor and uniformity may destroy the careful scientific basis of the rest of the Assessment Center. This danger may be minimized by applying the following guidelines:

a. Informal or semi-formal observations must be geared to the same set of specific traits that serve as Evaluation Criteria. Otherwise they should be ruled out of order. A good case can be made for a total ban on the informal category.

b. If they are used at all, Assessors must be trained in what to look for, and how interpret what they see (this is no easy matter).

c. They should be discussed only after the basic Assessment data has been collated and evaluated, and even then only when specifically relevant. For example, if a candidate has spoken haltingly in a structured interview, it is relevant to mention that on informal observation he was no different (thus ruling out temporary nervousness).

(9) Self-Ratings

After any exercise, and/or after the completed Assessment Center, the candidates may be asked to rate themselves on their own performance. Unlike Peer Ratings or Assessor Ratings, discussed below, Self-Ratings are strictly an exercise that play no part in the ultimate scoring. The purpose of Self-Ratings is to establish whether or not a person is capable of evaluating his own performance objectively, and reporting it honestly. Unfortunately, these two are difficult to separate out in the analysis. Moreover, the constand procedure of evaluating oneself may be psychologically upsetting and add unnecessary stress to the proceedings.

To reduce some of the stress, and to obtain the correct utilization from the self-ratings, the following guidelines should be adhered to if self-ratings are used:

a. Ratings should be based on the exercises rather than the traits. That is, instead of asking the candidate to rate himself on Decision-Making or Analytical Ability, ask him to rate himself on how well he performed in the In-Basket (or other) exercise(s).

b. Self-ratings should be against a standard rather than in comparison to other candidates. The standard might be a 1-10 point scale where 1 represents "Poor" and 10 represents "Excellent", or simply verbal categories without numbers.

c. On the same piece of paper, the candidates should be asked to verbalize his his recollection of the exercise, including whatever mitigating factors he would like to state. These remarks can be helpful in later evaluating the exercises themselves, and also tend to reduce the candidate's feelings of anxiety.

d. Only a few exercises should be self-rated, preferably those that have an objective basis for comparison (e.g. a work-type exercise rather than an interview).

e. In evaluating the self-ratings from the standpoint of the candidate's objectivity, pay attention only to gross discrepancies between his self-rating and the Assessor's or Peers' ratings.

f. In general, a self-underrating is much less common and of greater significance than a self-overrating. A small amount of self-overrating is to be expected.

(10) Participant Critiques and Other Essays

Some form of participant feedback is helpful for purposes of evaluating the Assessment Center. A dual purpose can be used by making the participant critique a scorable exercise. The candidate might be asked to describe briefly all events, rank them in order of preference, and critique them to the best of his limited knowledge. Such an exercise is relevant to criteria such as Analytical Ability, Diplomacy, and Writing Ability. Other essay-type exercises can serve the same purposes.

In summary, the author believes that a Structured Interview, Leaderless Group Discussion, and In-Basket (role-play version) can collectively provide the material for evaluating candidates on all traits likely to be of interest. The other exercises will serve the purpose of providing greater reliability for the same traits rather than expanding the breadth of evaluation. Pschological tests are the exception to this principle. In experienced hands they may well accomplish certain evaluations that assessors cannot match. The guiding principle of using tests in Assessment Centers are: first decide on a testing program, if any, totally on its own merits. Secondly, do not involve the line-executive Assessors in the interpretation of test results. Thus the integration of testing into an Assessment Center becomes purely an administrative task rather than an essential component of the program.

V. Scheduling

There are dozens of major decisions that must be made and hundreds of details that must be attended to in administering an Assessment Center. Here we will only concern ourselves with those that have conceptual significance.

The basic principle is that each Assessor should be in contact with as many candidates as possible. For example, Assessor A might be scheduled to interview Candidate #1, do a role-play with Candidate #2, observe Candidates #3 and #4 in a Group Discussion, observe a team consisting of Candidates #5 through 8 in another group exercise, and so on. If he cannot be scheduled to do formal assessing of the remaining candidates, then he might at least lunch with them.

From the candidate's point of view, it is desirable, although not absolutely essential, that he be exposed to different types of Assessors in terms of the "mix" of categories discussed. Special thought should also be given to assigning candidates to particular Assessors for reasons that are only tangential to the actual assessment process. For example, the interview, although not the most powerful assessment technique, is important in building some rapport, or at least contact, that may carry over later in the person's career. If the VP for Stores is acting as an Assessor, and three of the candidates happen to be Assistant Store Managers, simple fairness would dictate that the VP conduct the interview for all of these candidates or none of them.

Ideally, Assessors should be scheduled to conduct the most difficult and

sensitive individual exercises only with candidates they do not know, and from different locations, stores, or departments than their own.

Indeed, one of the main advantages of the Assessment Center technique, and its underlying spirit, is an absence of political considerations entering into an objective evaluation.

Within the framework of the above principles, there are two possible scheduling methods.

1. Each Assessor specializes in one or two exercises. For example, Assessor A only conducts interviews and observes Group Discussions, while Assessor B only does two other exercises.

2. Each Assessor is involved in all exercises.

The first method is easier to arrange, and can make it possible to give briefer, more specialized training to Assessors. It also has a technical advantage in that the Assessor soon becomes an expert in the particular technique(s) and is able to make better observations and judgments. However, it is essentially a shortcut, and not totally fair to the Assessors. One of the major benefits of the Assessment Center is the experience gained by the assessors in a variety of observational and evaluative techniques, together with a comprehensive training program. Method #2, though slightly more difficult to work out logistically, is preferable.

VI. Evaluation Procedures

A. The basic principles of Assessment Center evaluation are:

1. Each candidate is evaluated separately, on his own merits, against pre-determined standards of excellence - not in ordinal comparison to other members of the group. This point should be emphasized in Assessor Training and made clear to the group of candidates in the initial orientation session.

2. The unit of evaluation is the trait, not the exercise. For example, the Interview or In-Basket need not be scored. What are scored (as described in the next section) are the relevant traits or other evaluation criteria as they were observed during the exercises. Stated in other terms, we are not interested in how well the candidate does an In-Basket or an Interview: we are only interested in his Analytical Ability, Poise, and other traits, and have used the exercises only as stimulus material - not as scorable entities on their own.

3. Evaluation is always a joint activity. The final evaluation of the candidate is a consensus of all the Assessors - not just those who have observed the candidate the most intensively.

4. The evaluation, not the exercises themselves, is the "main event" at an Assessment Center and comprises about 50% of the total time, and at least one hour per candidate. For example, if 12 candidates go through two full days of exercises, evaluation time will probably be in the neighborhood of one and a half to two days.

B. Procedures

The exact procedures will vary depending on the type of rating system and the use made of the results. Obviously a numerical system requires less work than a full-scale verbal report, and a hiring decision requires less time than assessment used for developmental purposes. But the essentials of the procedure are similar in all cases.

1. The Assessors meet as a group, led by the Program Chairman. The latter's role is to moderate the discussion and clarify areas of disagreement, rather than to make any substantive contributions. Ideally, the Chairman has taken part in designing the procedures and has had previous experience as an Assessor.

2. The candidates are evaluated one at a time, in no particular order of significance. Each Assessor presents his report on the activity that he conducted or observed. It is essential that the report be factual rather than interpretative. In this initial reporting phase, the Assessor is not really an Assessor, but a tape recorder.

3. Given an objective, factual report by one Assessor on a particular exercise, all of the other Assessors evaluate the candidate in accordance with the relevant evaluation criteria. The reporting Assessor will naturally be looked on as an information source for the other assessors. They will ask questions and request clarification of subtleties of behavior. But his interpretative rating should count for no more than that of the other Assessors.

4. Some companies present psychological and mental results to the Assessor Group. The present author disagreed with this policy, since Assessors are not trained either in interpreting the test score on its own merits or in weighing it against the behavioral observations.

5. A strict policy must be adhered to on the use of self-ratings, peer ratings, and informal or semi-formal observations. Either they will be formally presented as part of each candidate's evaluation and built into the scoring system, or they should be held in abeyance only if to be used to throw light on some specific questions.

For the Assessors, the single most difficult procedure in the entire

Assessment Center is that of making an evaluation of the candidate's performance without actually seeing him perform. It is also hard for them at first to understand why their opinions are expected to differ even though the same factual material is being presented to all of them. Both problems relate to the distinction between objectivity and subjectivity.

Objectivity is built into the Assessment Center in two major ways: First, by pre-designing evaluation criteria, exercises and scoring systems that are identical for all candidates; second, by requiring Assessors to present reports that are strictly factual. But once the events have taken place, and the reports have been made, the interpretation of the significance of what has happened is a legitimate area of subjective judgment by each Assessor - provided only that he stays within the framework of the scoring system. This point, with many practice examples to illustrate it, must be emphasized in Assessor Training.

VII. Scoring System

A. Individual Assessor Ratings

The usual procedure is for each assessor to make an individual numerical rating on each of the evaluation crieteria as they have or have not been observed in each exercise. If the scale is too narrow there will not be enough dispersion of scores; if too wide, there might be too much central tendency in the ratings. A 1-9 point scale is recommended as a good middle ground. Intermediate scors, such as 6.5, should not be allowed, since in effect that increases the number of scale intervals. The two extremes and the mid-point should always be "anchored" by a verbal definition. The scores should always be on a "more the better" basis - e.g. 9 is always "good", and 1 is always "bad". This in turn requires a good deal of thinking-through in the initial design phase when the Evaluation Criteria are specified.

Not every criterion will be scored in every exercise. For example, an In-Basket tells us little about a person's Relations with Others, and an Interview provides little or no information about Analytical Ability. As we have noted, it is up to each Assessor to determine subjectively whether or not a given criterion is relevant in a given exercise and, if so, how much to score. As an alternative, the first requirement may be dispensed with by pre-designing the scoresheet (and the exercises themselves) so that each exercise is relevant only to a few predetermined criteria.

After all reports are in and evaluations have been made, each Assessor assigns a total value on each trait to the candidate. Some companies use a straight averaging, although the author prefers to use the individual scores as guidelines. Figure 2 shows what an Assessor Evaluation Form might look like for one candidate.

FIGURE 2. SAMPLE ASSESSOR EVALUATION FORM

	Exercise "A"	Exercise "B"	Exercise "C"	Exercise "D"	Final
Trait #1	6	-	7	-	6
Trait #2	-	8	5	6	6
Trait #3	-	7	5	8	7
Trait #4	5	5	6	-	5
Trait #5	3	4	-	5	3
Trait #6	-	7	-	-	7
Trait #7	-	-	-	-	-
Trait #8	7	-	8	7	8
Trait #9	-	6	5	4	5
Trait #10	6	7	-	7	7

CANDIDATE: Wilson, Allen SUMMARY RATING: B

DATE: 9/3/76

ASSESSOR: J.Brown

COMMENTS

Extremely strong analytical skills.
Has problems handling stress situations -
otherwise evaluation might be an A

ASSESSOR: R. Smith

ASSESSOR: P. Williams

In Figure 2, following recommendations made above, only the traits, not the exercises, are given a final score. The final ratings at the right are based on the individual numerical scores, but not necessarily as a straight average. Some traits have been observed more frequently than others, and in one case - Criterion #7 - this particular Assessor did not feel that he had any information to go on in any of the exercises.

While the particular scoring system presented here was oversimplified, and therefore is not as mathematically sophisticated as it should be, Figure 2 nonetheless illustrates the basic concept of the multi-trait, multi-method, multi-judge procedure which is the core of the Assessment Center. Within this framework, any number of scoring systems can be designed. If the company is going to do sophisticated long-term follow-up research, it is essential to give great thought to the design of all aspects of the scoring system. But merely for purposes of Assessment, the actual numbers shown in Figure 2 are not extremely important. Their major function is to force the Assessors to be thoughtful, and to serve as the basis for the final evaluation.

Just before the final evaluation, the Summary Ratings of each Assessor should be read aloud. Wide differences of opinion should be investigated in a non-threatening manner. These discussions are often quite fruitful and should be encouraged, even if there are not wide discrepancies. Of course, an Assessor should be free at any time to change his mind, and his score.

C. Final Over-all Rating

A final summary rating of each candidate, in numerical form, may not even be necessary. For example, if the purpose of the Assessment Center is primarily to make a hiring decision, the individual scores can be used simply as a discussion basis from which to make a consensus Yes/No decision. When the purpose of the Assessment Center is an in-depth evaluation for purposes of later training and development, a numerical score once again is not necessary. A narrative report may be more relevant. But in practice, it usually is advisable to have some kind of overall score, both for research purposes and to insure that Assessors remain thoughtful, objective, and as analytical as possible to the last minute.

Methods of combining the criterion scores and the Assessor scores differ widely. The final rating should always have an extended verbal definition. This may be translated into a brief verbal definition or into alpha-numeric symbols. Examples are shown in Figure 3.

FIGURE 3. SAMPLE CATEGORIES FOR FINAL RATING

NUMERIC	ALPHABETICAL	VERBAL - Brief	VERBAL - Extended	IMPLIED PREDICTION
1	A	Outstanding	Little or no limitation on future growth potential	Top Management
2	B	Superior	Some limitations on future growth potential	Senior Management
3	C	Fair	Clearly limited growth potential	No more than one or two levels above present position
4	D	Poor	No growth potential; may be only marginally qualified for present level	No advancement
5	E	Below Standard	Probably not qualified even for present level	Serious problems

It is important to note that the five categories in Figure 3, and the four intervals that they comprise, do not necessarily have 1-to-1 correspondence with the ordinary meaning we attach to numbers. In the mind of one Assessor, the difference between the top verbal category and the next one might appear to be much greater than the difference between the second and third. Another Assessor might have a different notion. To avoid giving scale properties to the numbers when none are justified, the letter version is recommended.

Whether the rating is numerical, verbal, or alphabetical, another difficult question is how to assign weights to all the components. Some of the evaluation criteria might, in fact, be much more relevant or valid, as predictors of success, than others. Some of the exercises might be more reliable means of assessing the criteria than others. Some of the Assessors might simply be more skilled than others. And there always remains the problem, to which we have alluded several times, of how to weigh in the written test results (if any). For all these reasons the scoring system, like many other aspects of the Assessment Center, should be designed with the aid of a person trained in psychometrics and statistics. Yet even among the experts, opinions differ. The following guidelines are offered to companies that are just starting to use the technique:

1. When in doubt, aim for simplicity rather than complexity of scoring - especially at first.

2. Be careful with verbal ratings. Notice that in Figure 3, the 3 verbal columns are somewhat diffrent in their assumptions and implications. Make sure that the Assessors are aware of the exact nature of the rating categories.

3. Modify the scoring system, if necessary, based on feedback, evaluation, and validation, as described below.

4. The evaluation and scoring system should allow for the use of verbal comments to qualify or add to the ratings.

5. Always bear in mind that the single final score is primarily for research purposes. The actual "data" of an Assessment Center is not the final score, but the consensus of all Assessor judgments and observations as embodied in a written report.

VIII. Dissemination of Results

The final rating is kept extremely confidential so as not to "contaminate" future research findings. For example, if persons are promoted in part because of the Assessor recommendations, clearly this says nothing about the purely predictive value of the Assessment Center technique. It is, in fact, both possible and advisable to have each Assessor do his final

rating individually, as shown in Figure 2, and then combine the individual Assessor results into some total rating after the Assessment Center is over.

For purposes of training, development, and placement, what is necessary is not the final summary rating, but the narrative or other forms of verbal report. These results also should be confidential and disseminated only by means of paraphrasing to those with a need to know. For example, the Assessment Staff might give recommendations for training and development to the individual's supervisor based on the Assessment Center results, without actually discussing the Assessment Center results themselves.

Usually the individual is not given feedback on his performance or informed of the overall evaluation. Logistically this would be difficult since the candidates have usually left the scene before the evaluation session begins. But a more fundamental reason is that individuals should not be informed of assessment results except by a person who is trained in psychological counseling. The mild disappointment at not getting feedback is much less serious than the potential dangers of communicating personal information in a heavy-handed or inaccurate manner.

The whole area of dissemination of results has been much less thought out in the literature, or worked out in practice, than any of the other topics discussed in this Chapter. The question often turns out to be academic. In larger companies, Assessment Centers have been used primarily for research purposes, so the results are kept strictly confidential. In smaller companies, especially in the retailing field, a frequent use for Assessment Centers is to make a hiring decision. The decision itself, of course, is known to the candidates, and to this extent they obtain gross feedback without the details.

In any event, the difficulties and ambiguities of the dissemination/feedback question are no greater with Assessment Centers than with pencil/paper tests or psychological appraisals, both of which should be strictly confidential. In fact, the Assessment Center technique has an advantage in that the participants - especially those with high intelligence, good ego strength, and individual maturity - will be able to benefit by providing their own feedback.

IX. Feedback, Validation and Revision

Assessment Centers have been used in industry only in the past 15 years, and with increasing prominence only in the 1970's. Fewer than a dozen have been described with any detail in print. In addition to being a new technique, Assessment Centers are invariably relatively non-theoretical in their approach. Moreover, they are complex undertakings in which certain components must inevitably be more productive than others. For all these reasons, constant evaluation and revision is necessary.

There are only two tests of an Assessment Center's value: The subjective reactions of candidates, Assessors, and Assessment itself, and the

objective results in terms of predictive power. The subjective information can be obtained quite readily simply by soliciting opinions. Two common methods are individual or group "debriefing" sessions, and written questionnaires. An effective method of using the questionnaire technique is to submit one questionnaire at the very end of the Assessment Center, and a follow-up "retrospective" survey a few months later. The second questionnaire should include an item asking both participants and Assessors to describe how they feel they have benefited from participating and whether or not the experience has been helpful in their jobs.

Formal validation of the Assessment Center requires a longitudinal follow-up study. Conceptually, the follow-up study appears to be simple. It is only necessary to keep track of the progress of all assessed candidates over a given time period, and compare their success with the ratings they achieved in the Assessment Center. But in practice, a genuinely valid study is difficult to implement. Success must be rigorously defined in objective terms such as number of promotions received, positions attained, salary, and actual quality of performance. The scoring system must be carefully thought out in advance, with research requirements in mind, and ideally would be more sophisticated than the skeleton model presented above in Section 8. There must be a definitive prior plan as to how to handle voluntary resignations, from a statistical point of view, supplemented, if possible, by actual investigation of the success of those persons in other companies.

Another important detail in a longitudinal validation study is the criterion time-period. At Bell Telephone, the follow-up study was planned for ten years (later shortened to eight), during which time even the most successful candidates had only worked their way up to the middle-management ranks. A more reasonable period for the faster-paced retailing industry would be three years. It is possible to make changes in the Assessment Center without waiting three years for the validation to be official, and without spoiling the experiment, but the precise methods to follow are too detailed to discuss in this volume. As one rule of thumb, keep exact records of any change made in the procedure, including the date that such a change was implemented.

Another research design is the concurrent validity study. The Assessment Center ratings would be compared, not with future performance, but with present ratings of performance and/or potential made by superiors. This design is easy to carry out, from a statistical point of view, but it has two fundamental weaknesses. The supervisor ratings are probably not made on a uniform basis, and moreover there is no a priori reason to assume that they are more "accurate" than the Assessment Center results themselves. Secondly, the Assessment Center, by its very nature, is designed to predict potential or future growth rather than current performance. Nonetheless, a concurrent validity study, even on a spot-check basis, can be helpful. If many persons who are doing well in the Assessment Center are not valued hightly by their superiors, and vice-versa, then something is seriously wrong - either with the Assessment Center or with the supervisors' rating abilities.

On either a concurrent or predictive basis, Assessment Center ratings may also be compared with intelligence test results. Once again the statistics are simple, but the results must be interpreted carefully. If there is no correlation with intelligence, it would be reasonable to conclude that the Assessment Center exercises are not sufficiently challenging. If there is very high correlation with intelligence, and intelligence tests and Assessment results both turn out to be correlated with success, we might reluctantly conclude that the Assessment Center really adds little or nothing to existing predictive ability. Thus the ideal result is a mild, but not highly significant, correlation between intelligence test scores and Assessment Center results.

The research designs discussed thus far are addressed to the question of predictive or "criterion-related' validity. Another fundamental question is that of synthetic validity. Very broadly, this has to do with the degree to which each of the evaluation criteria and exercises (1) overlap unnecessarily with one another and/or (2) contribute disproportionately to (a) the final Assessor rating and (b) the demonstrated predictive power of the Assessment Center. In other words, a predictive validity study answers the question of whether the Assessment Center works. Once these results are in, a synthetic-validity study addresses itself to the question of why it works, and whether or not it could work just as well, but more efficiently, by eliminating some of the tests or exercises that do not add much to predictive power.

A full-scale synthetic validity requires the most scrupulous attention to details of scoring and cannot be undertaken with any claim to scientific accuracy without the services of a highly trained psychologist or statistician who is competent in multiple-regression techniques. As of 1976, only Bell Telephone, Mobil Oil, IBM, and Sears had published large-scale synthetic-validity studies. For the smaller company, an "eyeball" technique can be substituted. Select, for detailed analysis, the records of a small group of persons who have been promoted subsequent to the Assessment Center, and a small group (not necessarily of equal size) who have been having performance difficulties. Go over every detail of their performance in the Assessment Center, in an effort to find out which of the Evaluation Criteria or Exercises, if any, really seemed to discriminate among the two groups. For example, it may turn out that persons who were rated high in certain characteristics (e.g. "Analytical Ability" or "Popularity with Peers") did very well on the job, even if their overall rating was lower than some of those who failed on the job. These traits might then be given greater weight in subsequent scoring.

X. Anti-Discrimination Considerations

Both the letter and the democratic spirit of Equal Employment Opportunity legislation require no discrimination in promotion, evaluation, and opportunities for advanced training, as well as in selection. Moreover, it is only good business practice to eliminate any source of bias that is not demonstrably related to the abilities of the candidates.

On an a priori basis, an Assessment Center has many positive qualities that tend to reduce unwanted bias. The most important are:

1. Written specifications of the desired traits (evaluation criteria), and rigorous scoring systems geared to those criteria only. (This is another reason for the present author's prejudice against informal and semi-formal observations.)

2. Sheer variety of exercises, most of which do not rely on educational background, and all of which are work-related (even if not related to specific job content.)

3. A rating based on the Assessor consensus, rather than the predilictions of one individual. Of course this argues for an Assessor "mix" as described above.

4. Less importantly, the presence of peer ratings and self-ratings as supplements to the Assessor ratings may be a helpful safeguard.

But to be certain that the Assessment Center is not resulting in unwanted bias, these a priori considerations must be backed up with research. A full scale longitudinal validation study, as described above, is the best kind of research. But an equally important, and much easier, step is to compute the proportions of persons rated high in the Assessment Center, broken out by subcategories such as sex, race, and age. It may turn out, despite the best intentions, that the Assessment Center does favor certain categories - for example, young white males. If this is, in fact, the case, the company must use the "eyeball" analysis technique, described above, and think carefully through all of the assumptions in the original design. Evaluation Criteria such as "Aggressiveness" and "Numerical Facility" may tend to favor young white males. Are they really necessary to success? Have Assessors been thoroughly trained to abstract these qualities from the total person they are actually seeing? Are they perceiving Aggressiveness differently (and negatively) in females or blacks? Perhaps the content of the exercises is tending to favor undergraduate Business majors who, in turn, are disproportionately male.

Actual research undertaken at several companies indicates that Assessment Centers do not discriminate unfairly, as we would expect from our a priori analysis. But research undertaken at other companies is helpful only as a confidence-builder; not as "evidence" from a legal or practical point of view.

SUMMARY: THE PRACTICAL UTILITY OF ASSESSMENT CENTERS

In evaluating the Assessment Center method, bot on its own merits and relative to other appraisal techniques, we suggest the following criteria for any appraisal method:

1. Predictive power. Do the ratings correlate with ultimate success - (however measured)?

2. Bias. Is the system equally fair and valid for all population subcategories (not only those that are subject to Equal Employment Opportunity)?

3. Breadth of applicability. Can all employees be appraised in this manner?

4. Practicability and ease of administration, not only to do, but to do well.

5. Cost of (a) developing the system and (b) running it on an ongoing basis.

6. Non-appraisal benefits and drawbacks. What are the by-products, both positive and negative, over and above the assessment itself?

The first two questions have to do with effectiveness. They have been discussed at length in Sections 10 and 11. Our conclusion is that on a priori grounds, there is every reason to believe that Assessment Centers make effective predictions, and what research evidence there is tends to support this. Indeed, it would be a gross violation of common sense if this technique, with its months of prior analysis, variety of techniques, and careful training of Assessors, did not prove to be considerably better, from an effectiveness point of view, than any single method which may indeed be included as part of an Assessment Center.

The more sensitive questions, clearly, are those having to do not with effectiveness but with efficiency and practicability. On practical grounds alone, it is clear that an Assessment Center cannot replace other appraisal techniques. From the candidate's point of view, it is a one-time event. Moreover, it says nothing about his actual job performance. We may conclude that the Assessment Center technique is effective and, therefore, practical, for its own purpose - a long run appraisal of an employee's potential for growth, an in-depth analysis of strengths and weaknesses, or, in some cases, as an aid to hiring decisions.

Another limitation to Assessment Centers, on the grounds of needs and of costs, is that they are not practical or efficient for the majority of non-managerial employees.

The efficiency of the technique, as opposed to its effectiveness and practicability, depends, to a large extent, on the effective utilization of the results. A long-term validation study is itself no guarantee of efficiency relative to other techniques. The company must also compute, by one means or another, the incremental costs-per-person-assessed compared to other techniques (subtracting, however, the presumed value of the cost of non-assessment benefits, as described below). In addition, the company must also analyze its present success ratio in middle and upper-management jobs.

Generally, an appraisal method is most efficient when the present success ratio approaches 50%. Suppose, for example, that 80% of all managers were successful (by whatever standards the company wished to employ). Clearly there would be no advantages to having an expensive, high-powered Assessment Center. If the company simply promoted randomly according to its existing procedures, it would make a good decision in four cases out of five. At the other extreme,

suppose the success ration was only 20% - in other words, only one out of five managers was adjudged to be successful. Better Assessment may be a partial answer, but with such a low ratio, the company might be better advised to put its funds and other personnel resources to work in job evaluation, organization development, more competitive outside recruitment, and other methods, to improve the gross caliber of persons in the organization, and to investigate methods for utilizing them more effectively.

Finally, the non-assessment benefits must be taken into consideration and subtracted from the presumed costs and difficulties of the Assessment Center in order to reach a final estimate of its worth. The major non-assessment benefits (in no particular order) are:

1. Morale and public relations. Outside candidates for hire are particularly impressed at the sophistication and objectivity of an Assessment technique, especially when compared to the usual run of tests and interviews at other companies. Participants within the company are almost always impressed with the complexity, objectivity, and general personnel-consciousness that are implicit in Assessment Centers.

2. Assessor upgrading. The experience in the Assessment Center often has a profound effect on the Assessors. It is a sobering experience to those who had blind confidence in their ability to select and evaluate personnel, based primarily on guesswork, and an encouraging one to those who lacked confidence.

3. Research. Validity studies of the type described in Section 10 can be helpful in determining future development policies and training needs. Even casual eyeballing of the results, and the experience in administering the Assessment Center, can provide valuable insights.

4. Activities. When used as a hiring tool, the Assessment Center invariably features some recruiting activities. When used for participants within the company, there are frequently career-development workshops or training activities. As at any company workshop, the opportunity to meet other people within the company is valuable. Strictly speaking, these are not "benefits of" the Assessment Center, but, on a cost-accounting basis, they should be apportioned some part of the travel and salary costs that are actually the bulk of ongoing Assessment Center expenses.

An interesting feature of the Assessment Center technique is that all of these "Non-Assessment" benefits will be apparent, even when the Assessment Center is less than optimally designed. As a result, it is possible for an organization to be subjectively happy with the Assessment Center when, in fact, it is relatively inefficient or ineffective compared to its potential. The following pitfalls are especially dangerous to those companies that are just starting out:

1. Misapplication, or choosing the wrong population.
2. Overkill, or having much too complex a design than is actually necessary. Overkill is not only expensive, it actually reduces effectiveness.
3. Unsophisticated or unimaginative definition of evaluation criteria and design of exercises, often caused by blindly imitating what other companies have done.
4. Skimping on Assessor training, based in part on a faulty or over-exaggerated conception of the importance of the exercises themselves. In fact, the exercises are only means to the more difficult end of making accurate observations and sophisticated judgments based on specified and limited criteria. These are skills that must be thoroughly learned.
5. Spending too much money, time, and effort on the purely "hotel" aspects of the process - travel, accommodations, scheduling - when, in fact, with some research and imagination, it is possible to realize considerable savings. In part, this is a special symptom of the "overkill" problem.
6. Using numerical ratings in an unsophisticated manner, especially for research purposes.

There are four major ways to avoid simultaneously all of these pitfalls, and to maximize the productivity of the Assessment Center technique. All have been discussed, but all are important enough to bear recapitulation. First, it is essential to obtain expert advice in the design of the Assessment Center, as shown in Figure 1. Second, keep in mind that the Assessment Center, like any appraisal method, should be subject to continual evaluation and revision based on subjective evidence and long-term research. Third, consider starting off with a small-scale Assessment Center. This is defined as an Assessment Center that takes place (1) on company facilities, and (2) can be completed (including the evaluation phase) in one day. At one stroke, this eliminates the dangers of overkill and misapplied resources, and might even increase effectiveness. For example, at Macy's New York, the author and his associates designed a one-day Assessment Center that actually proved to be more effective than the two-day version previously used.

Finally, it is essential to keep in mind that the input that gives the technique its effectiveness is not psychological or statistical, but human, in the person of the Assessors. Even before serious design work begins, the company must assure itself that a large pool of Assessors - preferably at least twice the number actually needed - will be available for training and participation. They should be given a chance to express their opinions about management development policies, and the Assessment Center itself while it is being designed and after it is implemented. Their training must be considered one of the most important aspects of the entire procedure.

David Monroe Miller was formerly Manager of Executive Training and Development at Macy's New York Division. He is author of Interpreting Test Scores and the forthcoming Psychological Counseling in Organizations.

* * * * *

There are many advantages to this form of appraisal. First of all, it is said to be a better predictor of success in future jobs than other single systems. It is to be noted that assessment centers are often used in conjunction with other forms of appraisal, such as management by objectives. An Assessment Center also has the advantage of having the opinion of more than one skilled assessor. The thoroughness of the Center approach is commendable, and represents a distinct improvement over the too casual approach used in too many instances.

What are its disadvantages? Actually, the strengths of the method are also the reasons for some of its shortcomings. It's costly, both in terms of lost time for a number of people and in the physical administration of the Center. Furthermore, the crown prince syndrome often sets in and the highly-assessed individual is hard to live with. The person who does not succeed in the Assessment Center, on the other hand, is far more depressed than the worker who has been judged inadequate on any other system. Finally, the separation of the immediate supervisor from control of his subordinates' career path can lessen the supervisor's effectiveness.

It's a tool worth investigating if you plan to promote or hire a highly compensated and highly motivated individual.

In-Basket Technique

Note that the "in-basket" is mentioned as being one of the methods used in the Assessment Center procedure. "In-baskets" can be used in conjunction with other appraisal or personnel techniques, such as in the hiring process.

The "in-basket" is just that. It represents a typical day's incoming material that must be handled. It is up to the individual being hired or appraised to separate, to assign priorities, and to follow through on the execution of the job.

It means that an in-basket must be constructed that is highly representative of the functions of the individual on the job. This can be a costly process as such an in-basket has anywhere from 25 to 75 items.

It is said to be a better than average predictor of success on the job. A follow-up in-basket, six months or a year after the first exercise, often shows significant improvement.

Scoring in-basket activities can also often be difficult. It is not difficult to segregate the individual who gets so interested in detail, or even gossip, that he never gets to the bottom of the basket before the time is up, but it is sometimes difficult to differentiate on who handles a situation best when there are several alternative methods of handling the situation.

The Grid Approach

Still another form of appraisal is that of the "grid", used since the early sixties. The originators of this method are Drs. Robert R. Blake and Jane Srygley Mouton, who maintain an office in Austin, Texas, and run seminars on the process around the world.

The basic concepts represented are that most people, whether in department stores or in management positions in heavy industry, are either highly concerned with production (sales) or, on the other end of the scale, primarily concerned with people. Rated on a scale of 1 to 9, some people would reach the score of 9.1 as being almost entirely concerned for people; and on the opposite extreme at 1.9 in the production area would represent an entirely different kind of person. When placed on a grid, as shown in the accompanying table from a Blake-Mouton publicity piece, most people would be rated somewhere in between as 4.5, 6.1, 5.5., etc.

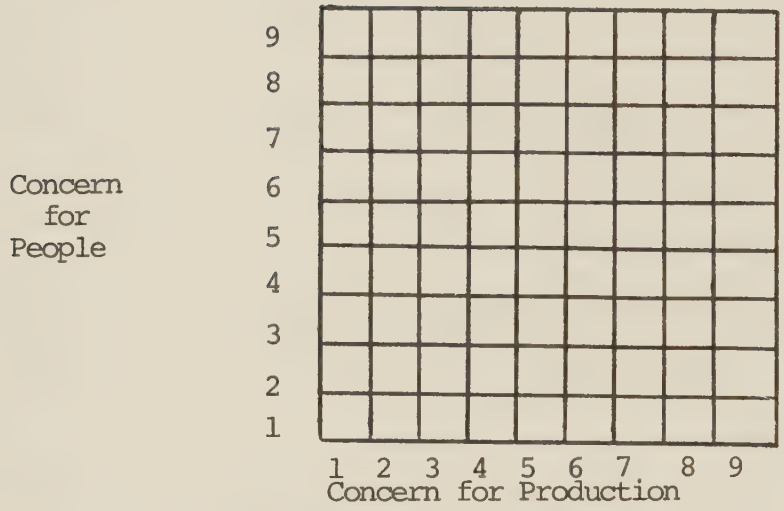
In a store situation, salespeople, or those who deal with the public, should rate high on the people axis of the graph.

How does one use this techrfique in appraisals? It's fairly complicated but brings good results. It involves finding out where people currently stand, through testing, through observation, and through seminars. It then means instilling the desire to change the current rating, and working toward that goal.

To do this properly, expert outside help is needed to get started, and proper periodic refreshers from the experts would help.

Like some of the other prior methods discussed, this method is not cheap to install. It may be too complicated to start and run without expert help, but it may be a method you want to investigate. Blake and Mouton have adapted their basic grid to meet many other circumstances. They apply these same concepts to other fields such as sales, the marriage grid and supervisors.

THE MANAGERIAL GRID



(See P. 73 for actual grid)

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References to The Managerial Grid by Robert S. Blake and Jane S. Mouton (p.10)

Impoverished (1.1)
Indecisive.
Not concerned.
Passes the buck.
Not around.

Task (1.9)
Hard-nosed.
Authoritarian.
People viewed as inputs to the production process.
No conflict tolerated.

Country-Club (9.1)
Peacemaker.
"Big Brother."
Comfortable work tempo.
"Non-work related" human relations.

Middle-of-the-Road (5.5)
"Dampened pendulum" theory.
Compromise.
Give impression of employee participation.
"Carrot and stick" approach.

Team (9.9)
Concept - "Whole is greater than sum of parts.
Employee involvement.
Strong communication links.
Everyone has sense of commitment.

	1,1	1,9	9,1	5,5	9,9
Creativity	Directed to remaining invisible	Support the boss	Determined by organi-zation goals	Keep the status quo	Innovative
Conflict	Avoid	Avoid; smooth over	Suppress	Compromise	Confront; resolve
Commitment	Minimal	High in the human dimension	High in the production dimension	Go-between; get people to do what they are told	High; indiv-idual and team effort meshed

WHAT IS THE GRID?

The Grid's horizontal axis is *Concern for Results,* the vertical, *Concern for People.*

The Grid figure shows five major management styles.

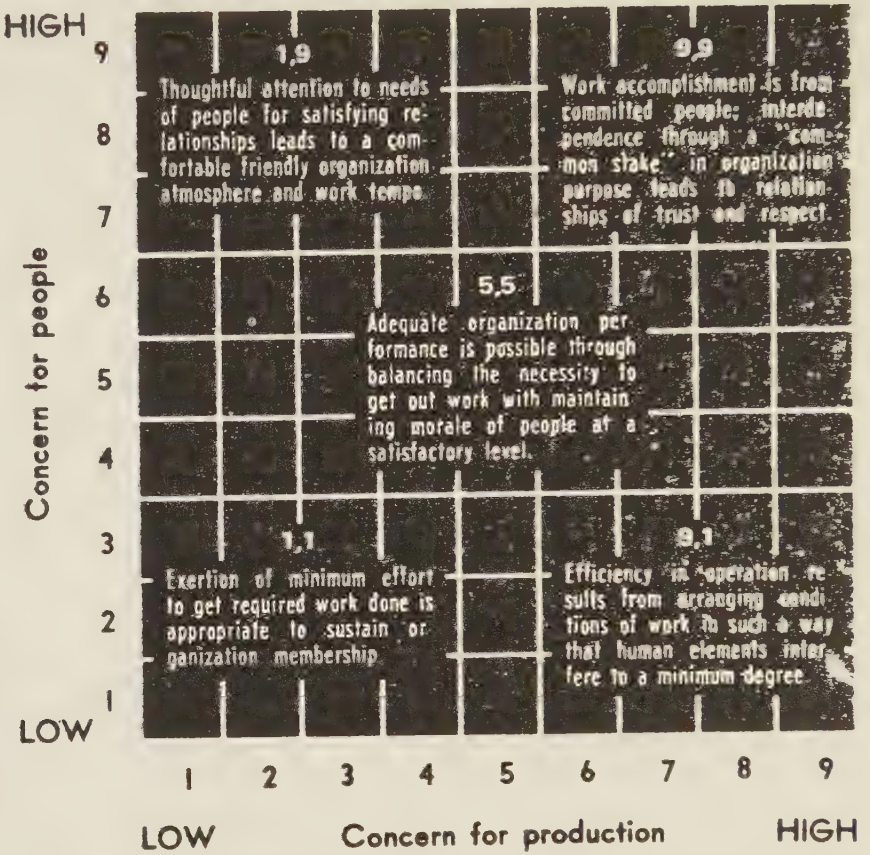
9,1 produce-or-perish. Results may be achieved through this style for a short time. Over the longer term, it motivates people to beat the system or at the very least shrinks their volunteered and permitted contributions to the organization.

1,9 love conquers all. Warmth and good fellowship are produced, usually at the expense of results.

1,1 low-ebb neutrality. A concerns-lacking approach is associated with secretive alienation, abdication of responsibility, and skillfully camouflaged "goofing off."

5,5 accommodation and compromise. This is a go-along-to-get-along approach under which small steps of gradual progress may be made within the happenstance confines of an organization's *status quo.*

9,9 solution-seeking. Ambitious yet attainable organization goals are worked toward with personal, colleague, and subordinate involvement, shared commitment, and readiness to confront issues needing resolution.



Source: The Managerial Grid, by Robert R. Blake and Jane Sryzley Maceton. Houston: Gruf Publishing Company, page 10. Reprinted by permission.

Learning the Grid for Strengthening Individual and Teamwork Effectiveness

One reason why the Grid-based approach is an effective basis for strengthening behavior is that the theories are designed, written, and tested for their validity in field research conducted in hundreds of industrial and government settings. Also, data from Grid application projects support the hypothesis that Grid theories are (a) culture-free and (b) viable within many dissimilar sociopolitical and economic contexts.

The person engaged in theory-based learning uses explicit Grid models of behavior to observe his own and others' conduct instead of intuition, feelings, or unexamined values.

Grid theories aid behavior change in a number of ways:

PERSPECTIVE

Theory provides individuals a *social microscope* for seeing what is actually going on in the present and a *social telescope* for seeing how traditions and expectations of the future are affecting here-and-now behavior. Managers are motivated to think through not only short-term but also the longer-term implications of various courses of action.

VALUES

Theory, with its explicit formulations, brings individuals face-to-face with their fundamental values. What each thinks is right, sound, and valid for relating with subordinates, colleagues, and bosses is subject to common sharing, review, and testing.

COMMUNICATION

Theory-based language helps people talk more perceptively and more accurately with subordinates, colleagues, and bosses in regard to alternative approaches to getting results through people.

CREATIVITY

Theory aids people to be more curious about what they observe and therefore to be more imaginative in pursuing creative solutions to managerial problems. When *a number of alternative theories* can be viewed and compared *interrelatedly*, there is less temptation for people to become so intellectually captivated by a single theory that they screen out contradictory facts.

MOTIVATION

Theory identifies the specifics of a model of excellence that aids people to see what is possible and to want to do better.

OPENNESS

Theory accounts for why openness is in everyone's self-interest. Under conditions of candor people are able to better understand one another's intended or ongoing actions. Without openness a climate of fear, or of social distance involving "half truths" or outright deceit, can block effective problem solving.

AUTONOMY

Theory increases an individual's capacity for self-direction. It becomes less necessary to ask others what they think because a person who has learned pertinent criteria can consult with himself when considering various courses of action.

TEAMWORK

Theory specifications for team management provide ground rules for evaluating where and when team interaction is preferable to one-alone functioning. The general aim is to be synergistic whenever "two heads are better than one."

DEFENSIVENESS

Defensiveness usually occurs when a person remains unconvinced under argumentation by others that he is "wrong." That is, he continues to belabor what, to him, seems valid. Without a theory base, people get into difficulty explaining to one another what their respective criteria are. They debate at cross-purposes and waste time in morale-damaging disputes. In contrast, theory-related insight can reduce or eliminate defensiveness and thus aid managers to be more receptive and flexible.

A theory-based approach to effectiveness rests on the premise that interaction and teamwork, like any other aspect of human experience and conduct, can be developed in a *systematic* way while at the same time "freeing" participants to be more constructive.

Source: "Grid Development." (1974-75).
Austin, Texas: Scientific Methods, Inc.
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IV. the most popular methods of today — the results oriented approaches to appraisal

The current trend in appraisals is to avoid the more subjective types of appraisals and to judge by how well individuals attain their goals and produce results favorable to the company. These take various names: Management by Objectives, Return on Investment, and Specific Plan for Individual Groups.

It is not easy to describe the intricacies of these techniques in a few short pages, and anyone interested in further details should read the voluminous literature on the subject.

Management by Objectives connotes an overall company involvement, from the top of the organization down to every individual on the payroll. Ordinarily it involves quantitative measures as well as qualitative. For example, if the aim of the organization is to increase sales over last year for the company as a whole, in a management by objective program executives would insist that a dollar amount or a percentage increase be specified. If turnover was a particular problem in one department, the next year's aim would be not only to reduce turnover but to reduce turnover by the realistic goal of 6 percent.

The goals are established on a participative basis, usually by a committee close to the top of the organization who have consulted with subordinates down the line on the formulation of these goals. In other words, if the process is done well, then the corresponding follow-up of distributing the individual components downward and again upward for achievement will not be too difficult.

It means that the president with the vice-president, as well as a department head, will sit down with his people to see how these goals can be achieved. This means an analysis of the skills of individuals as well as different units of the company, so that proper assignments can be made. It means that each person should know the role he plays in reaching individual, department, area, and company goals.

It means feedback at regular intervals, usually on a quarterly basis, to see if goals are being met, and if not, reasons why. It may mean corrective action, including reassignment, a more flexible workforce, and if goals are met usually some reward for having achieved the assigned goals.

Much can be said about MBO. NRMA has discussed this in a chapter in "Organization Survival and Growth" entitled Individual Performance Planning, and plans a full study in the Fall of 1977 to replace its 1967 study.

Chief value, of course, is that it makes everyone aware of what the company is trying to do, and helps an individual hone in on measurable achievements.

The faults and failures of MBO are not usually in the system, but in the administration. There are difficulties in trying to quantify measures of performance in some cases. The goals often become set in concrete and do not allow for the necessary flexibility required to meet rapidly changing conditions. Further, communications and feedback are poor, and even though the goals are lofty no one feels that they are understood, let alone achieving. There is still reluctance for some employees to commit themselves to working extremely hard to meet goals.

All in all, however, usually methods of management by objectives pay good dividends. The process has avid fans. It takes hard work, and often means a continued effort to improve techniques. The rewards for those who have tried it are great.

One example, the plan of Allied Chemical Corporation, which follows, explains this process. It is included here through permission of Charles F. Bischoff, Jr., Director - Organization Development Services. The principles have been adapted by several NRMA members.

ALLIED CHEMICAL CORP.

PERSONNEL PLANNING PROCESS

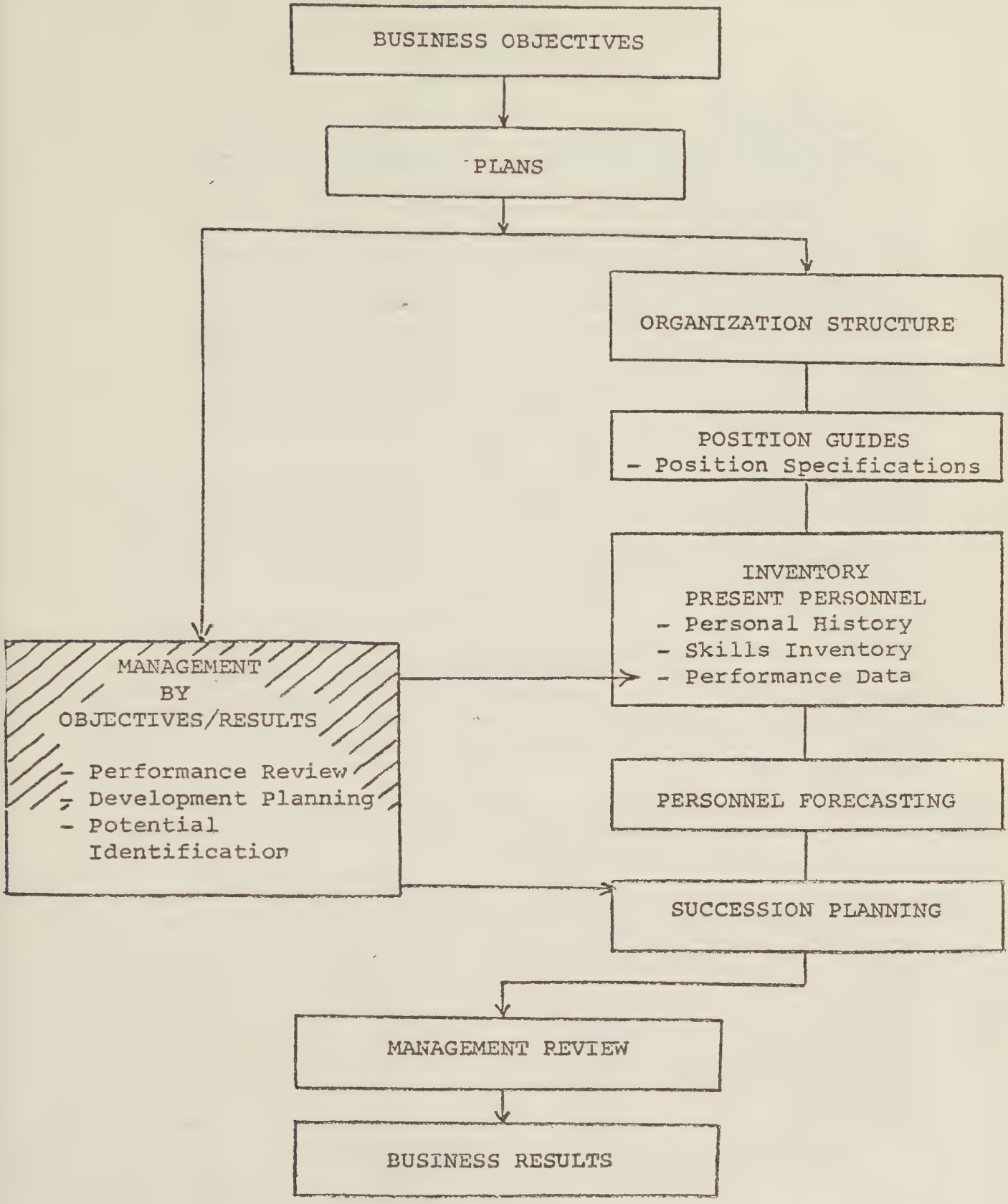


Chart 1

MANAGEMENT BY OBJECTIVES/RESULTS (MBO/R)
(Allied Chemical- Cont'd.)

Studies have shown that in most successful corporations a high degree of attention is given to objectives. Also, in the more effective companies, it has been found that people are aware of, and commited to, goals. Personnel planning must consider better ways to evaluate results in order to plan for improving performance, for ensuring continuity of a qualified staff, and for utilizing human resources more effectively. Management by Objectives/Results (MBO/R) offers one of the most effective means for doing this. MBO/R takes into account both the needs and goals of the organization and those of the individual. It is business oriented, but it also emphasizes the importance of the individual to the organization. These factors suggest that a personnel planning system should include Management by Objectives/Results as a key element. Much of the information from an MBO/R program can be used in the total Personnel Planning Process.

MBO/R is a systemized way of deciding where an organization and each of its individuals want to go and of determining the way to get there. It can be defined as: the creation of a working environment in which individual employees actively participate in setting their job goals and the means of achieving them.

People generally want to know what is expected of them and how they are doing. They want to participate in planning their work and objectives. If employees are not measuring up to expectations, most of them want to improve. MBO/R provides the means for employees to become involved in work planning and in self-improvement. MBO/R is a highly business oriented method of evaluating employee performance and planning development activities.

MBO/R is a practical method of managing and is results-oriented. It is based on thorough business planning coupled with financial controls and appropriate reporting procedures.

In Allied, the MBO/R goal is to enable managers to assess individual contributions of exempt employees to the organization's objectives in a more meaningful and objective way. Therefore, MBO/R will eventually replace the program of Performance Review and Development Planning for exempt employees. It is necessary for each eligible employee, with his manager, to establish specific annual objectives, and to evaluate actual results achieved in accomplishing those objectives. This will minimize the influence of subjective judgments, since comprehensive and quantifiable criteria will be established for evaluating the performance of individuals.

The following are the steps in Allied's MBO/R process.

1) Prepare final unit objectives based on, and consistent with, the approved Profit and Operational Plan.

2) Review Position Guides and revise, if necessary. These should be reviewed by both the incumbent and the supervisor.

3) Prepare Standards of Performance with each exempt employee. The Standards and Objectives of each employee should fit together to meet the overall objectives of that department division. These, in turn, should dovetail with Corporate objectives. Standards of Performance go beyond the Position Guide. The Position Guide describes what to do. The Standards tell how well it should be done. Consequently, Standards establish accountability for the job. The process of developing and attaining Standards requires the person to show more initiative and interest in the job, enables the person to establish plans for reaching goals, and provides a good training tool for individual development.

   As Standards of Performance are developed, a distinction should be made between "primary" and "shared" responsibilities. Primary responsibilities are those in which the employee will initiate action, make final decisions, make recommendations, etc. Shared responsibilities are those in which the employee's interaction, support, and cooperation are required to assist other employees in carrying out primary responsibilities. The distinction should be reflected in the Standards, to insure a clear definition and thorough understanding of the expected performance.

   Standards of Performance should be quantified whenever possible. An example of this is shown in Exhibit 6, which outlines Standards for a Regional Sales Manager's responsibility. Standards for this position are fairly easy to quantify. However, it is not as easy in other positions, as shown for the position of Director, Technical Development (Exhibit 6a). In this example, only one function is used to illustrate that Standards can be fairly specific, and judgments about achievement can be made even though no quantitative value is attached.

4) Each manager jointly prepares individual objectives with each exempt employee who reports directly to him. While Standards are designed to assure good performance in carrying out assigned responsibility, objectives are designed to promote breakthroughs, and thus achieve higher plateaus of performance. They represent one-time projects rather than the recurring day-to-day elements of the job. They should be measurable and attainable with fixed deadlines attached to them. Major objectives for any calendar year should be limited to no more than five and may be undertaken one at a time, in proper priority sequence or concurrently. The goal-setting procedure can be accomplished by use of the Annual Action Plan (Exhibit 7). This outlines the objectives, major steps planned in achieving them, and special factors which may influence their results. The completed form will then serve as a guide for measuring accomplishments.

5) In addition to the business or work objectives, each employee should set one or two "developmental" objectives, or specific goals, which should result in improving the employee's performance and/or preparing the employee for advancement. Special attention should be given to careful preparation of developmental objectives. The emphasis should be on "on the job" type assignments, since this is where the most effective learning occurs. The supervisor should give first consideration to activities such as: "filling in for supervisor," "special study assignment," "task force assignment" and "temporary assignment in another department." Developmental objectives should be treated in the same manner, and with equal importance, as the business objectives, and should be recorded on the last page of the Annual Action Plan.

6) Agree on and establish regular review dates for evaluating progress toward goals. These dates should be no less than once per quarter. Necessary revisions in objectives can be made at these times, including deletions and modifications of existing objectives and additions of new objectives.

7) Review and evaluate results and performance at the end of each year. The employee will be able to evaluate his own performance since he knew in advance, and played a part in, the development of the Standards and Objectives. Revisions throughout the year should have been discussed at the appropriate times. During the end-of-year review, the manager should discuss with the employee the following:

   a) Standards of Performance which provide the basis for evaluating the recurring responsibilities of a position. The manager and employee should review and discuss the degree to which the Standards have been met. This discussion is vital to an effective development plan which should be the result of the total MBO/R process.

   b) The employee and manager will also review the Annual Action Plan.

   The review segment of the discussion should take less time than the planning segment. As both the supervisor and the employee become more familiar with the MBO/R Program, planning will begin to play a more important role in terms of setting new objectives, plans, and programs.

   Though formal performance reviews using Standards and Objectives are required annually, informal and continual reviews should be held on a day-to-day or regular basis. This means nothing more than the employee receiving prompt feedback from the supervisor when special problems occur, when special recognition should be given, or when changes, which affect the previously determined Standards and Objectives, need to be communicated.

   The Summary of Results Form (Exhibit 8) should be used by

the two parties to compare results versus objectives during the formal annual review. It should also be used to describe unplanned accomplishments and special projects which were successfully completed. The manager will record the results for each objective or accomplishment, state significant factors affecting results, and summarize the employee's overall contribution.

The evaluation comments should include remarks about successes or failures over which the employee had no control. For instance: adverse legislation, labor strikes, government controls, "acts of God," etc. These could result in failing to reach a sales volume objective, production objectives, cost reduction objectives, etc. The reverse could also be the case. For example, a strike in a competitor plant may result in a windfall sales increase which cannot be credited to the salesman's ability or performance. Note should be made of this, as it will affect the final evaluation.

The summary comment should be in words which the manager feels best describe the employee's overall performance. A summary report should be submitted to the appropriate levels of management, including information on both Standards of Performance and Objectives. One copy of the Annual Action Plan and the Summary of Results should be forwarded to Organization Development Services.

8) Determine areas for improving performance of the employee, and outline a plan for improvement.

9) Establish objectives for the coming year.

Exhibit 6

ALLIED CHEMICAL CORPORATION
CHEMICAL DIVISION

STANDARDS OF PERFORMANCE
FOR
REGIONAL SALES MANAGER

1) The manager's performance in securing maximum profitable sales is satisfactory when:

   a) The region meets or exceeds _____% of the Profit Plan sales volume on all divisional products, and the profit plan contribution is _____%.

2) The manager's performance in reporting business opportunities is not satisfactory when:

   a) The division is unable to expand business as a result of the manager's failure to report an opportunity.

3) The manager's performance in maintaining sales statistics is satisfactory when:

   a) A Master Sales Report (MSR) is on file for all accounts called on.

   b) MSR's on all active accounts are updated at least annually.

   c) MSR's on all major accounts are updated at least quarterly.

   d) Salesmen's Territory Surveys are updated annually.

   e) Call reports are completed for all calls.

4) The manager's performance in budget and selling expense control is satisfactory when:

   a) The Region maintains a cost to sales ratio not in excess of _____%.

5) The manager's performance in training the sales force is satisfactory when"

   a) A daily telephone contact is made with each salesman.

   b) At least _____% of the manager's time in the field is spent with the salesmen.

6) The manager's performance in directing the office staff is satisfactory when:

   a) The office operating expense is within the budget.

b) All reports are prepared within required time limits.

c) All correspondence is prepared and mailed within required time limits.

7) The manager's performance in conducting performance reviews is satisfactory when:

a) All Assistant Managers and salesmen have had an Annual Action Plan and Summary of Results completed within the last 12 months.

8) The manager's performance in submitting his Monthly Business Report is satisfactory when:

a) It is submitted by the 10th day of the month following the month covered by the Report

9) The manager's performance in developing a Regional Operational Plan is satisfactory when:

a) The Plan is submitted to the Director of Sales prior to January 1 of the year covered by the Plan.

b) Progress toward the Plan is reported at least once each quarter.

c) Progress toward the Plan does not fall behind schedule more than one month in time nor more than _____% in sales volume, without reasons which are acceptable to the Director of Sales.

10) The manager's performance in making recommendations to improve the accomplishment of objectives is satisfactory when:

a) Recommendations are received in time to take action.

ALLIED CHEMICAL CORPORATION

CHEMICAL DIVISION

STANDARDS OF PERFORMANCE
FOR
DIRECTOR, TECHNICAL DEVELOPMENT

The Director's performance in the function of recommending changes in technology and/or processes is satisfactory when:

a) The recommendations are timely, to the extent that they cause Allied to maintain or gain a competitive advantage over others in the industry.

b) A recommendation results in overcoming the problem or difficulty for which a particular study was designed.

c) A recommendation results in cost reductions or improved profitability.

(Note: Each major function should have standards written in a similar manner.)

ALLIED
ANNUAL ACTION PLAN

NAME	YEAR
George Jones	1973
TITLE	**DIVISION**
Regional Sales Manager	Chemical
DEPARTMENT	**LOCATION**
Marketing	Dallas

OBJECTIVES	STEPS TO ACHIEVE OBJECTIVES	TARGET DATES	FACTORS AFFECTING RESULTS
1) To convert the Region's prepaid freight shipments to a collect basis to increase Division profit by $95,000	1) a. Work with Distribution to develop best plan to accomplish conversion. b. Contact customers involved and sell them on the new plan. c. Send notification to all customers affected. d. Institute new procedure.	Jan.15 Feb.28 Mar.15 Apr.1	Customer resistance. I plan to work out effective sales presentation to overcome this.
2) To increase distribution business in Region by $400,000 for 1973.	2) a. Make additional calls on Globe Chemical Co. which is largest customer in Region. b. Establish with each salesman a goal of additional calls which we believe would result in increased calls.	Thru 1973 Feb.15	None known.
3) Prepare operating manual to cover key areas in billing adjustment, legal contract handling and contract maintenance. (NOTE: Continue with other objectives.)	3) a. Prepare and review first draft. b. Revise and print.	May 31 July31	Unanticipated reduction in staff.

Exhibit 7

ANNUAL ACTION PLAN

NAME: George Jones

YEAR: 1973

DEVELOPMENTAL OBJECTIVES	STEPS TO ACHIEVE OBJECTIVES	TARGET DATES	FACTORS AFFECTING RESULTS
1) Improve skills in sales management.	1) a. Serve as acting Director of Sales during his vacation.	July'73	None known.
	b. Attend Graduate School of Sales Management.	Sept'73	

Submitted by:	Date	Reviewed by:	Date	Year-End Review Date:
Anthony Bowen	1/5/73	R. H. Sans	1/19/73	1/5/74

ALLIED
ANNUAL ACTION PLAN
SUMMARY of RESULTS

NAME	YEAR
George Jones	1973
TITLE Regional Sales Manager	DIVISION Chemical
DEPARTMENT Marketing	LOCATION Dallas

ACHIEVEMENT OF OPERATING OBJECTIVES

OJB. NO.	The results can be described as:	Comment briefly on the key elements that produced the results:
1.	☐ Exceeded Goal ☑ Met Goal ☐ Failed to Meet Goal	In spite of the difficult job of selling this idea to his customers, Bruce did a very good job of increasing the profit by the goal of $95,000
2.	☐ Exceeded Goal ☑ Met Goal ☐ Failed to Meet Goal	Globe Chemical Co. had a two week strike which reduced their use of sulphuric. Otherwise, I believe Bruce would have exceeded the goal.
3.	☐ Exceeded Goal ☐ Met Goal ☑ Failed to Meet Goal	Lack of personnel and time prevented completion of the manual. The job is about 2/3 complete, and should be ready by March, 1974

SUMMARY of RESULTS	NAME George Jones	YEAR 1973

OBJ. NO.	ACHIEVEMENT OF OPERATING OBJECTIVES	
	☐ Exceeded Goal ☐ Met Goal ☐ Failed to Meet Goal	
	☐ Exceeded Goal ☐ Met Goal ☐ Failed to Meet Goal	
	☐ Exceeded Goal ☐ Met Goal ☐ Failed to Meet Goal	
	☐ Exceeded Goal ☐ Met Goal ☐ Failed to Meet Goal	

SUMMARY of RESULTS	NAME George Jones	YEAR 1973

OBJ. NO.	ACHIEVEMENT OF DEVELOPMENT OBJECTIVES	
1.	☑ Exceeded Goal ☐ Met Goal ☐ Failed to Meet Goal	a. Completed the course and was rated as the outstanding student. b. Did an excellent job as Director in my absence.
	☐ Exceeded Goal ☐ Met Goal ☐ Failed to Meet Goal	

SUMMARY COMMENT: Taking into account the results achieved on the above objectives, along with the performance on the remainder of the job, I would describe this employee's contribution to the work of the group as having been: well in excess of my expectations. His work has resulted in the Region's moving ahead rapidly.

Anthony Buonna 1/7/74
Completed by: Date

Reviewer's Comments: George shows real promise. I concur with comments.

R.N. Lanza 1/15/74
Reviewed by: Date

Exhibit 8

IDENTIFICATION OF HIGH POTENTIAL

(Allied Chemical - Cont'd.)

It is important that Allied have an adequate reserve of people who have broad experience in several functions within the Corporation. The first step in developing such a reserve is early identification of candidates who appear to possess the traits and qualities that indicate ability to advance rapidly in general management. The identification of the candidates will be the responsibility of the division Presidents and Corporate Vice Presidents of functional groups. The division Presidents will select annually up to ten "high potential" candidates, or approximately 1% of exempt population, from their respective divisions. An appropriate balance of selection should be made from the divisional office and the field to ensure the broadest possible coverage. The Corporate Vice Presidents of functional groups will select a minimum of five, and a maximum of ten, "high potential" candidates for nomination.

Selection should be based on observation of the following:

1) Rapid learning and superior performance on new assignments.
2) Making improvements in operations within his responsibility.
3) Scope of perspective he appears to have in relating his job to the total operation.
4) Stretching himself to learn more about his job and other jobs.
5) Good verbal expression.
6) Working effectively with groups without dominating them.
7) Working on problems "on his own" without being directed to do so by his supervisor.

Other factors may be considered in order to get the best possible estimate of potential.

When selection is made, the names should be presented to the appropriate Corporate officer. Each candidate's name should be accompanied by an outline of his qualifications and a descriptive paragraph explaining the basis for selection. The approved list and supporting information should be forwarded to the Organization Development Services Department.

Nominees will be provided with special development opportunities to prepare them to move up and to accelerate their growth. The opportunities planned should be the joint effort of the employee and the immediate supervisor, with guidance and support from the division President and Employee Relations Director. A representative from Organization Development Services should consult with those involved in the planning, and coordinate the overall activities in "high potential" identification and development.

Allied Chemical

CAREER DEVELOPMENT PLAN

PAGE ___ OF ___

☐ Hi-Po–Functional ☐ Hi-Po–General Management ☐ Potential Successor ☐ Exempt Min./Fem.

NAME	YEAR	DEPARTMENT	PRESENT LOCATION

PRESENT POSITION	GRADE	PRESENT IMMEDIATE SUPERVISOR/TITLE

GOALS/OBJECTIVES	STEPS TO COMPLETION	TARGET DATE

APPROVED	DATE	REVIEWED	DATE

SEE REVERSE FOR INSTRUCTIONS

C3271E (9-75)

SUPERVISOR

COMPLETING THE FORM:

Career development plans are to be made for all employees who have been identified either as: (1) high potential (potential to general management); (2) potential successors, when an incumbent has no identified planned successor, or (3) exempt minorities and females. The basic purpose is to set forth a number of goals/objectives and steps which will better prepare an individual to progress in the identified direction.

The content of the development plan will be influenced by the nature of the identified direction. For example, the goals/objectives and steps necessary to prepare an employee to move up one level to the boss' job would ordinarily be different than those necessary to prepare an employee identified as having high potential for general management to move up. In the event that an employee is identified as both a potential successor and a high potential, those goals/objectives that are relevant to each identification should be indicated in Column 1. In the case of identified high potentials, it is important that they be given the broadest possible exposure as early as possible in their careers; this is particularly important with respect to those identified as having high potential for general management.

Career development plans should contain goals/objectives and steps that take employees beyond their responsibilities in their present positions. At the same time, the plan should not be predominently of a "take a course on _____" or "read a book on _____" nature, but should have an on-the-job orientation. In this connection, the possibility of integrating elements of career development plans and annual action plans should be considered.

The employee must participate in the design of the career plan if it is to be effective. This makes it necessary to advise the employee of identification, along with appropriate cautions that an identification does not guarantee anything. In the event that developmental activities require crossing of organizational lines, appropriate concurrences should be secured.

Column 1 should reflect what is to be accomplished: Column 2, how it's going to be done; and, Column 3, by when.

The following example assumes an individual who: (1) is currently a division cost accounting manager; (2) has previously worked exclusively in accounting; and (3) has been identified as both a potential successor assistant controller and as a high potential in general management. Target dates are omitted for the sake of space:

GOALS/OBJECTIVES	STEPS TO COMPLETION
Potential Successor	
(A) Provide exposure to systems.	(1) Participate in taskforce assessing effectiveness of division accounting systems.
	(2) Assign (temporarily) to IS&S Manager of Application Methods.
Hi-Potential General Management	
(A) Provide operations exposure.	(1) Assign to strike duty at a plant (Next "opportunity").
(B) Provide employee relations exposure.	(1) Assign to division OD Committee.

HANDLING COMPLETED FORM

Original for supervisor (or OD Committee, if applicable)
One (1) copy for subordinate (subject of plan)
One (1) copy for Division Employee Relations, or in the case of Corporate Departments, the Corporate Personnel Planning Office.

In the case of Division employees identified as having high potential, one (1) copy for the Corporate Personnel Planning Office.

Allied Chemical

EVALUATION OF PERFORMANCE
ANNUAL ACTION PLAN

NAME	YEAR

POSITION TITLE	GRADE	DEPARTMENT/DIVISION	LOCATION	PRESENT IMMEDIATE SUPERVISOR/TITLE

INCLUDE FOR EACH OBJECTIVE: (a) STATEMENT OF OBJECTIVE; (b) DESCRIPTION OF ACTUAL RESULT; (c) RATING; AND (d) REASONS FOR RATING. TREAT UNPLANNED CONTRIBUTIONS IN THE SAME WAY.

SUMMARY - TOTAL PERFORMANCE ON ALL OBJECTIVES:

FOR GRADES 15 AND ABOVE ONLY					FOR ALL GRADES	
OVERALL RATING: CHECK A, B, C, OR D	A	B	C	D	SIGNATURES	DATES
SHORT TERM (1 YR.) RESULTS					RATED BY	
LONG RANGE PLANNING RESULTS					REVIEWED BY	
ORGANIZATION DEVELOPMENT RESULTS					APPROVED BY	

C3271C (9-75)

SEE REVERSE FOR INSTRUCTIONS

COMPLETING THE FORM

FOR ALL EMPLOYEES – Item (a) the statement of objective is taken from the Annual Action Plan. Item (b), description of result, should reflect what happened. Item (c), rating, should be: exceeded goal, met goal, failed to meet goal, or no rating. Item (d) reason for rating, should provide any appropriate additional information and/or explanation. "No rating" is appropriate when supervisor and employee agree to eliminate an objective. The four part format (items (a) thru (d)) is intended simply to provide a reasonable degree of consistency and should not be regarded as critical. The critical questions are: how close to the goal was performance, and what else would one need to know to evaluate the performance in relation to the goal?

The following points should be taken into account in evaluating and reporting performance: (1) in those instances when the nature of the objective is not such that the employee can produce "more" than the target, original expectations may be exceeded in terms of the timeliness and quality of the work; (2) degree to which employee anticipated potential changes in external (beyond control of the individual) conditions and devised alternative strategies to cope with them; (3) degree to which actions reflected grasp of interrelated corporate interests (e.g., long versus short range, mesh with business plan, relation of "home" to other organizational units, Affirmative Action Program, community relations, ethical approach); (4) in the years prior to the terminal (target) year of a long range planning objective, the question is the degree to which the employee developed appropriate approaches to achieve the opportunity; and (5) with respect to organization development objectives, the question is the degree to which the employee used appropriate means (organization structure, succession planning, high potential identification, development of potential successors and high potentials, and use of compensation to reflect subordinates' performance) to fix an existing or potential imbalance between organizational needs and available talent.

The final paragraph of the report should be an assessment of total performance on all objectives, taking relative difficulty and accomplishment into account.

FOR EMPLOYEES IN GRADE 15 AND ABOVE ONLY – Complete the "overall rating" at the bottom left of the final page of the report. It is appropriate to take particularly difficult and meaningful objectives, factors beyond the individual's control (if not anticipatable), etc. into account in reaching judgements on overall ratings, but the basis for doing so should be made clear under item (d) of the four part format described above. The following table should provide guidance with respect to overall rating judgements:

	TYPE OF OBJECTIVE		
	PROFIT OR OPERATING	LONG RANGE PLANNING	ORGANIZATION DEVELOPMENT
A) Performance (Superior)	Achieved or exceeded original expectations.	Identified significant opportunities; plotted good paths from here to there, anticipating potential hurdles and co-ordinating with other appropriate individuals and units.	Fixed significant organizational need-available talent imbalance, or set about fixing them appropriately, anticipating and co-ordinating well.
B) Performance (Good)	Made intensive effort & achieved or came very close to achieving all objectives.	Identified opportunities; plotted good paths from here to there; attempted to anticipate hurdles, responded, co-ordinated well.	Fixed almost all imbalances, or set about fixing them appropriately, responding and co-ordinating well and attempting to anticipate hurdle.
C) Performance (Satisfactory)	Achieved most objectives.	Identified opportunities; plotted paths from here to there; responded to hurdles and co-ordinated well.	Fixed most imbalances or set about fixing them appropriately, responding and co-ordinating well.
D) Performance (Unsatisfactory)	Performance well below target (for no good reason).	Emphasized short-run at expense of long-run.	Failed to: (1) fix imbalances or set about fixing them appropriately or (2) comply with the requirements of Personnel Planning program.

HANDLING COMPLETED FORM

Supervisor retains one copy. Original plus one copy to Division Employee Relations, or in the case of Corporate Departments, the Corporate Personnel Planning Office. In the case of Corporate Department employees (regardless of grade) the original will subsequently go to Corporate Compensation Services. In the case of Division employees in Grade 15 and above only, the original will subsequently go to Corporate Compensation Services.

Allied Chemical

ANNUAL ACTION PLAN

PAGE ___ OF___

NAME	YEAR

POSITION TITLE	GRADE	DEPARTMENT/DIVISION	LOCATION	PRESENT IMMEDIATE SUPERVISOR/TITLE

OBJECTIVES LABEL OBJECTIVES AS P-O (PROFIT OR OPERATING), L-T (LONG-TERM PLANNING), OR OD (ORGANIZATION DEVELOPMENT)	MAJOR STEPS PLANNED TO ACHIEVE OBJECTIVES	TARGET DATES

SEE REVERSE FOR INSTRUCTIONS

C3271A (9-75)

SUPERVISOR

COMPLETING THE FORM

FOR ALL EMPLOYEES – Item (a) the statement of objective is taken from the Annual Action Plan. Item (b), description of result, should reflect what happened. Item (c), rating, should be: exceeded goal, met goal, failed to meet goal, or no rating. Item (d) reason for rating, should provide any appropriate additional information and/or explanation. "No rating" is appropriate when supervisor and employee agree to eliminate an objective. The four part format (items (a) thru (d)) is intended simply to provide a reasonable degree of consistency and should not be regarded as critical. The critical questions are: how close to the goal was performance, and what else would one need to know to evaluate the performance in relation to the goal?

The following points should be taken into account in evaluating and reporting performance: (1) in those instances when the nature of the objective is not such that the employee can produce "more" than the target, original expectations may be exceeded in terms of the timeliness and quality of the work; (2) degree to which employee anticipated potential changes in external (beyond control of the individual) conditions and devised alternative strategies to cope with them; (3) degree to which actions reflected grasp of interrelated corporate interests (e.g., long versus short range, mesh with business plan, relation of "home" to other organizational units, Affirmative Action Program, community relations, ethical approach); (4) in the years prior to the terminal (target) year of a long range planning objective, the question is the degree to which the employee developed appropriate approaches to achieve the opportunity; and (5) with respect to organization development objectives, the question is the degree to which the employee used appropriate means (organization structure, succession planning, high potential identification, development of potential successors and high potentials, and use of compensation to reflect subordinates' performance) to fix an existing or potential imbalance between organizational needs and available talent.

The final paragraph of the report should be an assessment of total performance on all objectives, taking relative difficulty and accomplishment into account.

FOR EMPLOYEES IN GRADE 15 AND ABOVE ONLY – Complete the "overall rating" at the bottom left of the final page of the report. It is appropriate to take particularly difficult and meaningful objectives, factors beyond the individual's control (if not anticipatable), etc. into account in reaching judgements on overall ratings, but the basis for doing so should be made clear under item (d) of the four part format described above. The following table should provide guidance with respect to overall rating judgements:

	TYPE OF OBJECTIVE		
	PROFIT OR OPERATING	LONG RANGE PLANNING	ORGANIZATION DEVELOPMENT
A) Performance (Superior)	Achieved or exceeded original expectations.	Identified significant opportunities; plotted good paths from here to there, anticipating potential hurdles and co-ordinating with other appropriate individuals and units.	Fixed significant organizational need-available talent imbalance, or set about fixing them appropriately, anticipating and co-ordinating well.
B) Performance (Good)	Made intensive effort & achieved or came very close to achieving all objectives.	Identified opportunities; plotted good paths from here to there; attempted to anticipate hurdles, responded, co-ordinated well.	Fixed almost all imbalances; or set about fixing them appropriately, responding and co-ordinating well and attempting to anticipate hurdles.
C) Performance (Satisfactory)	Achieved most objectives.	Identified opportunities; plotted paths from here to there; responded to hurdles and co-ordinated well.	Fixed most imbalances or set about fixing them appropriately, responding and co-ordinating well
D) Performance (Unsatisfactory)	Performance well below target (for no good reason).	Emphasized short-run at expense of long-run.	Failed to: (1) fix imbalances or set about fixing them appropriately or (2) comply with the requirements of Personnel Planning program.

HANDLING COMPLETED FORM

Supervisor retains one copy. Original plus one copy to Division Employee Relations, or in the case of Corporate Departments, the Corporate Personnel Planning Office. In the case of Corporate Department employees (regardless of grade) the original will subsequently go to Corporate Compensation Services. In the case of Division employees in Grade 15 and above only, the original will subsequently go to Corporate Compensation Services.

Allied Chemical

SUCCESSION PLAN

CORPORATE DEPT./DIV.	DATE

PAGE ___ OF ___

INCUMBENT	SUCCESSORS				
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P
NAME	NAME	NAME	NAME	NAME
TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE	TITLE / GRADE
DEPARTMENT/DIVISION	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P	DEPARTMENT/DIVISION Q P

COMPLETING THE FORM

Succession Planning must result in a realistically-assessed candidate list which may be used in the future if a vacancy in the incumbent position occurs.

Succession Plans should reflect your BEST assessment of people from around the Corporation as a whole – NOT just your own department or division.

In addition to professional competence, Succession Plans should take into account an employee's grade, location, relocatability, career interests, and other factors which may affect the practicality of his/her being identified as a successor. **DO NOT** arbitrarily exclude an individual from a Succession Plan if you are dealing with speculative information.

Identify a SUCCESSOR as **QUALIFIED** (check the "Q") if he or she is now capable of performing the incumbent's job or if the individual will be qualified to do so within one (1) year after the plan is established.

Identify a SUCCESSOR as **POTENTIAL** (check the "P") if he or she needs development which will take longer than one (1) year to bring the individual up to a qualified status. **REMEMBER** – Specific Career Development efforts must be undertaken for a potential successor when an incumbent has no "qualified" successor.

Incumbents should be listed on Succession Plans in grade order (high to low) within each department/division.

HANDLING COMPLETED FORM

Original for originator (supervisor or OD Committee)

One (1) copy for Division Employee Relations (ignore in case of Corporate Departments)

One (1) copy for Corporate Personnel Planning Office

Human Resource Management: A Return on Investment Approach

This highly recommended results method espoused by Ray A. Killian, Vice-President and Director of Personnel, Operations and Community Relations for Belk Store Services, in his book, Human Resource Management: An ROI Approach, (published by AMACOM Division of American Management Association, New York, New York - price $11.95) is well worth studying. Mr. Killian has permitted us to reproduce information from his book.

The inclusion of planning manpower needs for several years ahead is illustrated in the following chart:

Forecasts of manager/manpower requirements.

	Rationale of Needs	Forecasts of Manpower Needs 19__	19__	19__	19__
Top Management					
Middle Management					
First-Line Supervisors					
Second-Line Supervisors					
Labor					
Skilled					
Unskilled					

Source: Lloyd J. Hughlett, "Long-Range Planning Implemented by Management by Objectives" (Boone, N.C.: Executive Resources Development Institute, Inc.)

The projection of manpower losses is illustrated in the following chart:

Projection of manpower losses.

Date_____

Location of Division_____

Estimate turnover based on voluntary and involuntary terminations. Include retirements, anticipated separations due to illness, and other losses that can be projected on the basis of past trends.

Job Title	1975	1976	1977	1978	1979	1980
Manager	____	____	____	____	____	____
Assistant Manager	____	____	____	____	____	____
Production Manager	____	____	____	____	____	____
Operations Manager	____	____	____	____	____	____
Sales Manager	____	____	____	____	____	____
Personnel Manager	____	____	____	____	____	____
Advertising Manager	____	____	____	____	____	____
Display Manager	____	____	____	____	____	____
Security Manager	____	____	____	____	____	____
Division Managers	____	____	____	____	____	____
Others	____	____	____	____	____	____
	____	____	____	____	____	____
	____	____	____	____	____	____
	____	____	____	____	____	____

The inventorying and matching of management talents are the bases for the funding and the utilization of human talent.

In order to make such a plan work, a systematic, logical, and detailed plan should be developed, which would include:

The number of layers of management needed.

Reporting relationships as indicated by organizational charts.

Span of authority - number of positions and functions, and which ones will report to each executive.

Allocation of duties, responsibilities, and authority as specified by the position description.

Clarification of functions and responsibilities of staffs, committees, and other involved groups.

Allocation of financial resources, budgets, and facilities to various functional units.

Agreement on production, sales, and other operating results for each unit.

Although the above book does not deal entirely with appraisals, the importance of an overall approach is so necessary that it will be well worth an executive's time to read this entire book.

Specific Example of a Store Program For Buyers -- Using MBO Approach

The program of Famous-Barr Company, in St. Louis, follows the principles of MBO as illustrated in the article by Susan Hoyt from the NRMA Personnel News and Views. Several features of this program are worth examining - the specific setting of goals, the involvement of the individual, and the plans for future action.

APPRAISAL AS A TOOL FOR COST CONTROL

Susan Hoyt
Director of Executive Development
Famous-Barr Company
(Now V.P. Personnel - Emporium, San Francisco)

Having an effective appraisal system is one of the key methods through which people in personnel can help to control payroll costs. Almost every company, regardless of how small, has some system for reviewing performance periodically. The question in this economic climate is, how effective are these systems for identifying those people who are real producers and those who are a liability? Faced now with the necessity of cutting costs, it is equally important to maximize the abilities of the really outstanding people in our organizations to deal with those who are not productive. People at work basically have three questions on their minds:

1. What is expected of me in my job?
2. How am I doing?
3. What's in it for me?

Companies today have to be able to answer these questions, not only for the sale of the individuals involved, but for the profitable operation of the company itself. The company needs to know what it expects of individuals in each specific job category. It is just as important for the company to know how each individual is performing, as it is for the person himself. Especially now, we have to look at "What's in it for the Company" as well as what's in it for each individual.

WHAT ARE THE COMPONENTS OF AN EFFECTIVE APPRAISAL SYSTEM?

Overall, an effective appraisal system should accomplish:

1. The identification of the talents of employees in order to enable the company to make the best possible use of those abilities through the right job assignments.
2. An appraisal system should provide feedback on performance for each individual, so that strengths can be capitalized on and weaknesses can be improved.
3. An appraisal system should help to identify those people who are poor performers and to take appropriate action.

PROBLEMS WHICH SEEM TO BE MOST PREVALENT IN APPRAISAL SYSTEMS

With all systems of appraisal, there will be at least three sets of problems:

1. Problems with the system or form itself.
2. Problems with the appraisers: Most people find it difficult to discuss performance reviews when the performance is not good.
3. Problems with the standards used for evaluations - the question of whether or not the measure is objective and fair.

A successful appraisal program includes a number of different phases to be truly effective. First, there has to be agreement between the individual and the supervisor, as to what specific duties and responsibilities he is going to be evaluated on. Every position should have an accurate job description, which should be discussed with a new person immediately upon placement in the job. The appraisal form, as well, should be given to a person new to the job so that he has a clear concept of how his performance will be looked at. The factors that you will rate him on should never come as a surprise.

Secondly, the appraisal must be accurate and objective. The more job specific an appraisal form is, the more likely it is to be objective; the more quantifiable its measures, the more objective it will be. Then third, an appraisal system should provide for constructive communication to take place between an individual and his supervisor.

One practice which helps to produce two-way communication at appraisal time is a self-appraisal. It permits an individual to develop self-insight as he formulates his opinion of his own performance and accomplishments.

Fourth, an effective appraisal system should be linked with a Management By Objective system, where possible. As a minimum, it should include specific objective or goal setting procedures to set directions and encourage change in performance in the subsequent review period, where needed.

PROBLEMS ENCOUNTERED IN THE APPRAISAL SYSTEM

Department stores and other retailers have a sizeable investment in people. Just as we are now keeping closer watch on our merchandise to control our stocks and shortages, we need also to be scrutinizing the performance of our people. Famous-Barr, as a company, became concerned with its appraisal system for a number of reasons recently. We were expanding our college recruiting program and bringing in larger numbers of new executives into five executive trainee groups each year. The recruiting, assessment, and placement process for these people is an expensive investment. We wanted to know if this investment was providing us with competent job performance. We also wanted to be sure that we were aware of the strengths and weaknesses of those brought in, in order to make more effective use of their skills

and abilities on the job. In addition, we were encountering numerous objections to the appraisal form we were currently using. Merchants using the form felt it was unsatisfactory for a number of reasons:

1. It consisted of a section of "trait" ratings, plus several narrative sections on goals and objectives. People objected to many of the trait ratings, because they felt that it was more of a "personality" rating than a job performance review.
2. The extensive narrative portions which were meant to spell out actual job performance, were so unstructured that the form was not systematic. It did not elicit the same information on each person. Appraisers complained that what they would write as the person's responsibilities and accomplishments often bore no relationship to what the individual has said about himself on the self-appraisal version.
3. Many executives wanted an instrument which would allow better comparisons among individuals. What was needed was a systematic procedure that would set up common standards of judgment and that would yield concrete information about what the person was or was not doing in their job.

We also learned that, in addition to having some criticisms of the form itself, many line executives expressed a need for training in doing effective performance reviews. They recognized that, regardless of what form or technique is used, the crucial step in the evaluation process is the actual communication or dialogue which takes place between the individual and the supervisor. Many merchants felt that they wanted some assistance in knowing how to best convey performance feedback to those they supervise.

Based on these concerns, we decided, as a first step, to revise the form itself to be more job related. Secondly, we plan to meet the problems expressed by the appraisers themselves, through training seminars in counseling interviews.

The biggest criticism of our old form was that it was not job specific. Consequently, in developing new appraisal forms for the assistant buyer and department manager levels, we began with the job descriptions for these two positions. Each job description was reviewed in order to determine those tasks that could be measured and evaluated. We also decided to narrow down the management traits evaluated to eliminate those that were duplications or difficult to observe. The guidelines used for both selection of job related criterion and traits were:

1. Observability. Can the rater actually observe the trait or task as it is performed, or the results of the task or traits?
2. Universality. Is the trait or task under consideration an important characteristic in successful performance of the job of assistant buyer or department manager?
3. Distinguishability. Is the task or trait clearly distinguishable as something different from another task or trait with a different name? Or do they overlap so much in meaning that ratings on the two would be nothing more than two ratings on the same basic characteristic?

To develop the form, four different versions were written and then run

through a number of line managers. Those sections which were found to be most useful were then combined into a final draft form. That version was used in one set of reviews, and further revisions resulted from this experience. It features: (See forms following this article.)

1. Page 2 of the form you will note, consists of a fairly detailed list of the major "job tasks." The advantage we have found in spelling out these tasks is that the appraiser is forced to be much more specific in spelling out where performance is not satisfactory. This section is also very helpful to the personnel division in determining training needs. For example, while we were covering certain specific reports in our training seminars, we had omitted others, assuming that they would be learned on the job. We found that, frequently, they were not being covered. This form helps to remind buyers that they need to set aside time specifically to review topics with their assistants.
2. A second segment consists of ratings for "management skills." What we tried to accomplish here, was not to eliminate trait ratings altogether, but to try to spell out a common definition of what the traits meant so that the measures would be more objective.
3. Then, in the third section, we wanted to provide a place for both the individual and the appraiser to analyze and spell out what they had decided to do in order to take steps to remedy any weaknesses based on their job task and management skills, and to check ratings.
4. In a fourth section, we covered objectives and priorities. Our department managers and assistant buyers are not on a full M.B.O. system, but do participate in goal setting.
5. There is also a subsection 3 for the individual being appraised to enter comments on how he felt about the review.

To sum up, we were striving for a review form which would be easy to use and process, and which would allow for objective and job related appraisal. We decided on a combination of checklists and narrative to that we could obtain standardization, but could also allow for the expression of the rater's own comments.

HOW CAN YOU SAVE MONEY THROUGH AN EFFECTIVE APPRAISAL SYSTEM?

The cost effectiveness of a good appraisal system is obvious. Since payroll represents our largest expense component, it is only good business to scrutinize your people resources on a regular basis in order to utilize manpower most effectively. When your appraisal system is not working for you, you may be under-utilizing your high potential people. And you are likely to have non-productive people hidden in your structure.

In addition to what an effective performance appraisal system will do to best utilize your people resources, it is also a fairly simple step which can be taken by personnel staffs, or anyone, at little cost to the organization. Unlike many expensive training programs, an appraisal system can be revised by anyone who understands the job to be evaluated.

Taking the steps to develop a job related form, setting up procedures to include self-appraisal and objective setting, and also a system for processing this data can be done in-house at minimum expense.

FAMOUS-BARR COMPANY

ASSISTANT BUYER SELF-APPRAISAL

NAME _____ PERIOD OF EVALUATION: _____ TO _____

DEPARTMENT _____ DATE OF EMPLOYMENT _____

DIVISION _____ LENGTH OF TIME IN PRESENT JOB _____

DIRECTIONS

1. Consider all phases of your work, basing your evaluation on your general performance.

2. Indicate N/A if rating does not apply to your job.

THIS DOCUMENT IS CONFIDENTIAL WHEN COMPLETED AND SHOULD BE TREATED ACCORDINGLY. IT WILL BECOME PART OF THE EMPLOYEE'S PERSONNEL FILE.

FAMOUS-BARR COMPANY

ASSISTANT BUYER PERFORMANCE APPRAISAL

NAME _____ PERIOD OF EVALUATION: _____ TO_____

DEPARTMENT _____ DATE OF EMPLOYMENT _____

DIVISION _____ LENGTH OF TIME IN PRESENT JOB _____

DIRECTIONS

1. *Consider all phases of the individual's work, basing your evaluation on the general performance, not on isolated or infrequent incidents.*

2. *Limit opinions to job performance during the last review.*

3. *Be able to support each rating with a comment.*

4. *Indicate N/A if rating does not apply to particular job.*

THIS DOCUMENT IS CONFIDENTIAL WHEN COMPLETED AND SHOULD BE TREATED ACCORDINGLY. IT WILL BECOME PART OF THE EMPLOYEE'S PERSONNEL FILE.

PART I JOB PERFORMANCE

Directions: Indicate your judgment of the Assistant Buyer's job performance by checking the appropriate space. Pleease use the following scale:

E = Excellent, reflects superior performance of task.

V = Very good, reflects highly competent task performance.

G = Good, middle-level, average performance of task.

A = Adequate, minimum acceptable task performance.

U = Unsatisfactory, absolute necessity to improve.

N/A = Not applicable to job.

JOB TASKS	E	V	G	A	U	N/A
1. Completes:						
a) purchase orders						
b) price revisions						
c) transfers						
d) vendor returns						
e) prep sheets						
2. Prepares:						
a) sign requisitions						
b) comparative valuation forms						
c) ad copy						
3. Calculates:						
a) markdowns						
b) markups						
c) markdown cancellations						
d) markup cancellations						
e) open-to-buy						

JOB TASKS (cont'd.)	E	V	G	A	U	N/A
f) stock turnover						
g) gross profit						
4. Identifies:						
a) hot items						
b) slow-selling merchandise						
c) plan for disposition of slow-selling merchandise						
5. Analyzes:						
a) department's customer						
b) competitive store's price points and merchandise presentation						
c) Monthly Merchandise Statistics Report						
d) Weekly Merchandise Statistics Report						
e) Sales and Stock Report						
f) Daily Flash Sales Report						
g) Style Analysis						
h) Fast and Slow Fashion Report						
i) Old Season Inventory Report						
j) Departmental Operating Statement						
k) Basic Stock Report						
l) Interstore Departmental Operating Statement						
m) May Monthly Net Sales Report						
n) May Intercompany Stock Report						
o) May Intercompany Departmental Operating Statement						
p) May Monthly Classification Report						
q) sales projections in terms of the various branch store departments						
r) develops sales projections						

JOB TASKS (cont'd.)	E	V	G	A	U	N/A
6. Reviews and takes corrective action when necessary:						
a) Purchase Journal						
b) On-order File						
c) Advertising proofs						
d) Basic Stock Book						
7. Maintains:						
a) communication with Department Managers						
b) stock counts from Department Managers						
c) working relationship with Warehouse, Invoice Office, Marking Room						
8. Assists:						
a) in advertising meetings						
b) in preparation of advertising plans, budgets, and schedules						
c) determining that stock is available for all advertised merchandise						

SUMMARY APPRAISAL

What is your overall evaluation of the Assistant Buyer's job performance since the last review period? Please include strengths and weaknesses.

PART II MANAGEMENT SKILLS

Directions: The following factors are to be rated. Please place a check in the space that indicates the most accurate appraisal of behavior.

1. DEPENDABILITY

☐	☐	☐	☐
DOES TOP GRADE WORK WITH MINIMUM OF SUPERVISION; OUTSTANDING FOLLOW-THROUGH.	WILLING TO ACCEPT RESPONSIBILITY; REQUIRES VERY LITTLE FOLLOW-UP.	USUALLY FOLLOWS INSTRUCTIONS; NEEDS SOME FOLLOW-UP.	DOES NOT ASSUME MUCH RESPONSIBILITY; NEEDS CONSTANT FOLLOW-UP.

2. FLEXIBILITY

☐	☐	☐	☐
MEETS CHANGED CONDITIONS WITH LITTLE EFFORT; OUTSTANDING ABILITY TO PICK UP NEW JOBS.	LEARNS WELL WITH MINIMUM AMOUNT OF INSTRUCTION; ADJUSTS IN SHORT TIME.	LEARNS FAIRLY WELL; ROUTINE WORKER, NEEDS DETAILED INSTRUCTION FOR NEW JOBS.	SLOW TO LEARN; TROUBLE ADJUSTING TO CHANGED CONDITIONS; NEEDS CONSTANT INSTRUCTION.

3. INITIATIVE

☐	☐	☐	☐
SELF-STARTER; SEES THINGS TO BE DONE AND DOES THEM.	RESOURCEFUL; USUALLY ALERT TO OPPORTUNITIES FOR IMPROVEMENT.	DOES ONLY WHAT IS REQUIRED; MAKES OCCASIONAL SUGGESTIONS; SOMETIMES NEEDS PRODDING.	MUST BE TOLD MORE THAN ONCE; DOES NO THINKING FOR SELF. RELIES ON OTHERS TO HELP.

4. JUDGMENT

☐	☐	☐	☐
EXERCISES EXCELLENT JUDGMENT; DISCRIMINATES BETWEEN MINOR AND IMPORTANT DETAIL; ESTABLISHES PRIORITIES.	SETS GOOD PRIORITIES; SELDOM HAS DIFFICULTY MAKING DECISIONS; JUDGMENT USUALLY GOOD.	HAS DIFFICULTY DISTINGUISHING IMPORTANT FROM UNIMPORTANT. WEAK IN DECISION-MAKING.	CANNOT DISCRIMINATE BETWEEN IMPORTANT AND MINOR DETAIL. UNABLE OR UNWILLING TO MAKE DECISIONS.

5. LEADERSHIP

☐	☐	☐	☐
GOES OUT OF WAY TO HELP OTHERS WHEN NEEDED. GETS PEOPLE TO WORK WILLINGLY; INSPIRES TEAMWORK.	GOOD SPIRIT IN WORKING WITH OTHERS. VOLUNTARILY STEPS IN TO HELP OTHERS.	USUALLY GETS ALONG WELL, OCCASIONALLY HAS DIFFICULTY WORKING WITH OTHERS.	DOES NOT WORK WELL WITH OTHERS, ANTAGONISTIC; UNABLE TO INSPIRE TEAMWORK.

6. WORK QUALITY

☐	☐	☐	☐
MAKES PRACTICALLY NO MISTAKES, HIGHEST ACCURACY.	SELDOM MAKES ERRORS; IS ACCURATE; DOES HIGH GRADE WORK.	MAKES SOME ERRORS BUT DOES PASSABLE WORK.	MAKES MISTAKES FREQUENTLY.

MANAGEMENT SKILLS CONT'D.

7. WORK QUANTITY

☐	☐	☐	☐
EXCEPTIONALLY FAST, UNUSUALLY HIGH OUTPUT, STRONG SENSE OF URGENCY.	DOES MORE WORK THAN EXPECTED; IS FAST; EXCEEDS AVERAGE.	OUTPUT MEETS STANDARD, IS SATISFACTORY.	OUTPUT BELOW WHAT IS EXPECTED; LITTLE OR NO SENSE OF URGENCY

8. JOB KNOWLEDGE

☐	☐	☐	☐
EXCEPTIONALLY WELL INFORMED ABOUT OWN AND RELATED JOBS.	GOOD WORKING KNOWLEDGE OF OWN AND RELATED JOBS.	HAS SUFFICIENT KNOWLEDGE TO DO JOB.	INSUFFICIENT KNOWLEDGE TO PERFORM WORK SATISFACTORILY.

PART III EFFECTIVENESS

In order to make the Assistant Buyer more effective:

1. He/she should be given additional instruction on:

2. He/she should be given additional job responsibilities such as:

3. He/she should change attitudes and/or behavior as follows:

EFFECTIVENESS cont'd.

Signature of Rating Executive	Date
Endorsing Executive	Date
Personnel Representative	Date

PART IV REPORT OF INTERVIEW

Directions: This page is to be completed jointly by the Buyer and the Assistant Buyer after the Performance Appraisal is completed.

1. What did you both decide are the Assistant Buyer's priorities or objectives for the next review period?

2. What steps did you and the Assistant Buyer agree to take in order to help improve job performance?

3. What is your attitude or feeling toward the appraisal you received? (Note: to be completed by Assistant Buyer.)

Date	Date
Assistant Buyer's Signature	Buyer's Signature

CAREER POTENTIAL

Please check the appropriate space.

1. Too new to evaluate? _____

2. Probationary Status?
   (Please explain reason and length of time.) _____

3. Has potential but requires additional development? _____

4. Adequate in present position? _____

5. Capable of handling more responsibility, but at same level? _____

6. Ready for promotion?

   0 - 6 Mos. _____

   6 - 12 Mos. _____

   12+ - _____

Additional Comments:

_____ _____

Rating Executive — Date

_____ _____

Endorsing Executive — Date

_____ _____

Personnel Representative — Date

V. a systems approach

The "systems" approach to performance appraisal is still another method which utilizes modern thinking and modern technology, and has been proposed by Nathan B. Winstanley, who is Manager, Compensation Research at Xerox Corporation, Rochester.

The article reproduced below, by permission, appeared in The Conference Board Record, March 1976. Dr. Winstanley stresses not only the appraisal itself, but also the climate in which appraisals are made, and the multiple uses made of assessments.

PERFORMANCE APPRAISALS AND MANAGEMENT
DEVELOPMENT: A SYSTEMS APPROACH

Nathan B. Winstanley

The managerial performance appraisal system here proposed will, the author believes, provide in a single source document more, and more relevant, information for decisions affecting training development, salary administration, replacement planning, transfers and promotions than otherwise available. The new approach, beyond the usual evaluative comment on performance, adds much more descriptive information on the individual manager's specific talents as they relate to his current assignment. This is, of course, prerequisite to intelligent decisions affecting later utilization. A point of particular emphasis in the new approach is the systematic integration of events before and after appraisal in order to improve both the appraisal and the development of managers.

Whether or not the current vogue of HRD (Human Resource Development) and of consideration of the "quality of work life" will continue in fashion is open to question. From past experience, one might predict there could be a few problems ahead - particularly where performance measurement is involved. One major stumbling block appears to be an inability to define and to measure accurately the performance and talents relevant to managerial growth and success in an industrial organization. New efforts and approaches are called for in managerial appraisals and in their use in the development of managers.

One such approach - untested, but based on some of the current thinking and research on the subject - is aimed at improving and integrating key elements of both appraisal and development. There are three phases to the implementation of this new "system":

- Improving the conditions for accurate measurement (what takes place before the appraisal).
- Applying the new measurement instrument (what takes place during the appraisal).

- Multiple uses of the assessments obtained (what takes place after measurement).

These three phases are interactive. Failure in one can have deleterious effects on the other two. However, when they are linked in systematic fashion and managed as a whole in an environment that provides adequate support to such a system, some improvement is bound to follow. Improvement need not be limited to appraisals alone; successful implementation and maintenance may also have beneficial effects on the personal growth and motivation of a number of managers.

Improving conditions

The personal and organizational conditions under which a manager carries out assigned tasks directly affect both the quality of performance and how it is perceived (appraised) by his manager. Since these are not always the same - and are sometimes the source of troublesome differences and invalid input to management development activities - it is (or should be) a situation of mutual concern. Therefore, any steps taken to minimize the adverse effect of intervening personal and situational factors will enhance the effectiveness of both parties as well as contribute to the validity, acceptability and usefulness of any subsequent formal appraisal.

Some organizations use MBO to achieve these objectives. While this is a definite step in the right direction, the low durability and adverse behavioral side-effects sometimes arising out of the formalism of that particular method leave room for improvement, particularly when compensation is directly involved. Further, MBO is typically dominated by results criteria of somewhat limited use in a means-oriented development situation.

To avoid some of these difficulties and still retain some of the beneficial aspects of MBO, I advocate the use of a method - highly similar to one which evolved out of research at G.E. some years ago - known as Work Planning and Review (WP&R), which can be used to enhance current performance and the quality of formal evaluations at a later date.

> The Work Planning and Review Process consists of periodic meetings between the man and his manager. The meetings are oriented toward daily work and result in: mutual planning of the work; a review of progress; and mutual solving of problems which arise in the course of getting the job done. The Process does not involve formal ratings. Rather it provides the basis for the man and the manager to sit down informally, discuss the job to be done, and then agree upon a plan and review progress.
>
> The Process was designed to take advantage of (recent research findings) and to integrate these with other known principles which relate to motivation and job performance. The principles relate to certain conditions which are necessary for subordinate motivation and job growth. They are not exhaustive, but do include the essential ingredients which must be present for best manpower utilization. The principles are:

A. An Employee Needs to Know What is Expected of Him

B. An Employee Needs to Know How He is Doing

C. An Employee Needs to be Able to Obtain Assistance When and as Needed.[1]

These "periodic meetings" would be more frequent, less formal, and more flexible than the typical structured MBO-type. They are particularly well suited to dynamic, high-change organizations. There is more emphasis on the mutuality of the "daily work" and process, less on development and elaboration of objectives and the criteria for measurement. The manager is more actively involved as a coach and is not just sitting back waiting to rate the subordinate and to play "judge." This supportive role can have significant effect on subordinate development, as well as enhance the quality and acceptability of any later appraisal. The magnitude of such benefits will, in part, be a function of the extent and effectiveness of the training provided to the managers who are to utilize WP&R with their subordinate managers. Specific training for this role would probably require at least three days - two of learning plus one day at a later date for a critique on application and experience.

However, training alone is not enough. It will also be necessary to make certain WP&R is actually applied on the job with some care and attention. Strong endorsement from and personal example by top management are prerequisites. Equally important, if not more so, periodic and systematic audits of results and private feedbacks to individual managers of managers should be used to help them make appropriate adjustments to improve.[2] (This is one of several unique aspects of this system.) Audit will also serve as a means of determining when a particular organization or component group is ready to begin implementation of the new appraisal method. (If there are still troublesome personal or difficult organizational problems in existence, it is probably a waste of time to attempt to obtain useful performance measurements. Indeed, it could prove counterproductive.)

When it is clear from the audits there are good working relationships (personal-job-organizational) in the organization, then introduction of any formal appraisal system is much more feasible. By virtue of their training and experience with WP&R, supervising managers know a little more about both the jobs and the capabilities of their subordinate managers. (Statistically speaking, they will have increased the size of their sample and improved the reliability of the measurement.)

[1]Comparison of a Work Planning Program with the Annual Performance Approach (Crotonville, N.Y., General Electric Company, 1964).

[2]One example of such an audit may be seen in J.Hinrichs, "A Feedback Program to Make Manager Development Happen," Personnel Journal, September 1975.

For the subordinate manager, there are certainly fewer "surprises" at the time of any appraisal feedback. A higher degree of acceptance follows, and more willingness to improve should result. Aside from its desirable impact on the quality of the appraisals, WP&R can of itself have some desirable effects on the operations and on the motivation of managers.

The Measuring Instrument

The appraisal method is built around the principle that performance is a function of ability (or skills) interacting with motivation. Two assumptions are made here: (1) personnel decisions should be made on the basis of reliable information on each of the three major dimensions referred to above, and (2) development begins on the present job. Other than the general subsets to ability (for managers these would be: technical, administrative, and interpersonal skills) there are no preconceived or irrelevant "factors" employed in the appraisal.

After appropriate training, specific, job-related criteria will emerge as a natural consequence of the assessment process. Simply described, for the period under review, the supervisory manager is asked to describe and to evaluate key and job-related elements of the subordinage manager's talents. These will fall under each defined dimension: performance, skill (to include technical, administrative and interpersonal), and motivation. [3] An approach of this nature has the capability of universal application across all the business functions represented by the management population.

For those companies that are serious about their appraisals, it should be noted that the proposed method can also be designed and laid out to facilitate later validity research and improvement.

Whether or not formal feedback of these evaluations will and can be used effectively (i.e., to the mutual benefit of the subordinate manager and the organization), will depend greatly on the extent and quality of training the supervisory managers receive in: (a) appraising performance, skills and motivation, and (b) on the feedback process itself.

The decision on the feedback, and the requisite training, is complicated by the fact that feedback induces positive bias in the appraisal. Thus, the solution to one problem could cause another. On balance, both training and feedback should take place provided there is some evidence of success in the informal feedback (coaching) attendant to work-planning and review. Helpful information for this decision will be available from the audit data. It should be noted here that this type of training (i.e., in appraisal feedback) is also a fundamental form of management development. Done well, it can ultimately result in a positive contribution to the personal growth and development of subordinate managers.

[3] Since a major point of this proposal is a systems approach, I will omit details of form to concentrate on substance.

As noted, implementation of the new appraisal method should begin in those organizations where early evidence of success with WP&R emerges. Introduction will be facilitated by means of an orientation/training program lasting approximately eight or 12 hours, depending on the feedback decision. If a decision is made to employ feedback, then one should be aware of its sensitivity. When feedback is poorly handled, all the specific efforts in WP&R and work-motivation, in general, can be adversely affected. And the appraisal itself becomes a waste of time, at least in terms of motivating change.[4] All research of recent years on performance appraisals clearly points to this conclusion. Therefore, considerable care must be exercised in the selection of those who are to design the orientation/training program and those who are to do the training.

On-going maintenance of, and some improvements in, the appraisals can be greatly facilitated by providing supervisory managers with normative data on how other managers are assessing their subordinates. This data, qualitative and quantitative in nature, is useful to managers in improving their evaluation skills. I believe this is another unique feature of the proposal. From an organizational point of view, this process also assists those responsible for overall administration identify the so-called hard and soft raters in need of further orientation and training.

After measurement

Once the first two phases have been implemented, selective and more cost-effective management development is possible. The organization will now have on hand much more adequate and reliable information to identify and select two critical manager groups: (a) the best 10% for further development, and (b) the bottom 5% for remedial assistance.

Thus, at any point in time, approximately one of six managers will be receiving intensive attention. Personnel staff resources will have been applied to critical points on the spectrum of managerial performance and potential. Their effective use will not have been diminished by attempting to spread them over the whole management population. (Even this concentration of effort might prove too much for some companies to handle well. In that event, selection percentages will have to be reduced further.)

Since development within each of these performance/potential groups will have to be very carefully programmed, serious considerations should be given to use of highly qualified professional staff. Professionally designed, flexible programming for each of these groups is required. Presumably each of these will be an appropriate combination of experiences, on-the-job and/or off, depending on individual and organizational needs and supported by specific off-the-job skills training where economically justified. One readily available source of data for this program design will be found in the appraisals.

[4] H.Meyer and W.Walker, "A Study of the Factors Relating to the Effectiveness of a Performance Appraisal Program" Journal of Applied Psychology 1961, Vol. 14, pp. 291-298.

In terms of payoff, the return on investment under this approach will also be influenced by the efficiency with which one selects those most likely to benefit. Therefore, valid and relevant appraisals are important to this particular development effort. In view of that - and of the other uses for information contained in the appraisals - it is worth allowing enough time for the prerequisite training and for the new appraisal program to come to fruition before beginning this concluding phase.

While developmental activities are important of themselves, it should also be noted that they influence (feed back) on the effort in and the quality level of SP&R, and of the appraisal itself. So, too, will the promotion and salary administration practices. One thing is certain, if the overall developmental program is simply a matter of "cosmetics," not really taken seriously, the earlier phases of the system will not be taken seriously either.

Overall, the pros and cons

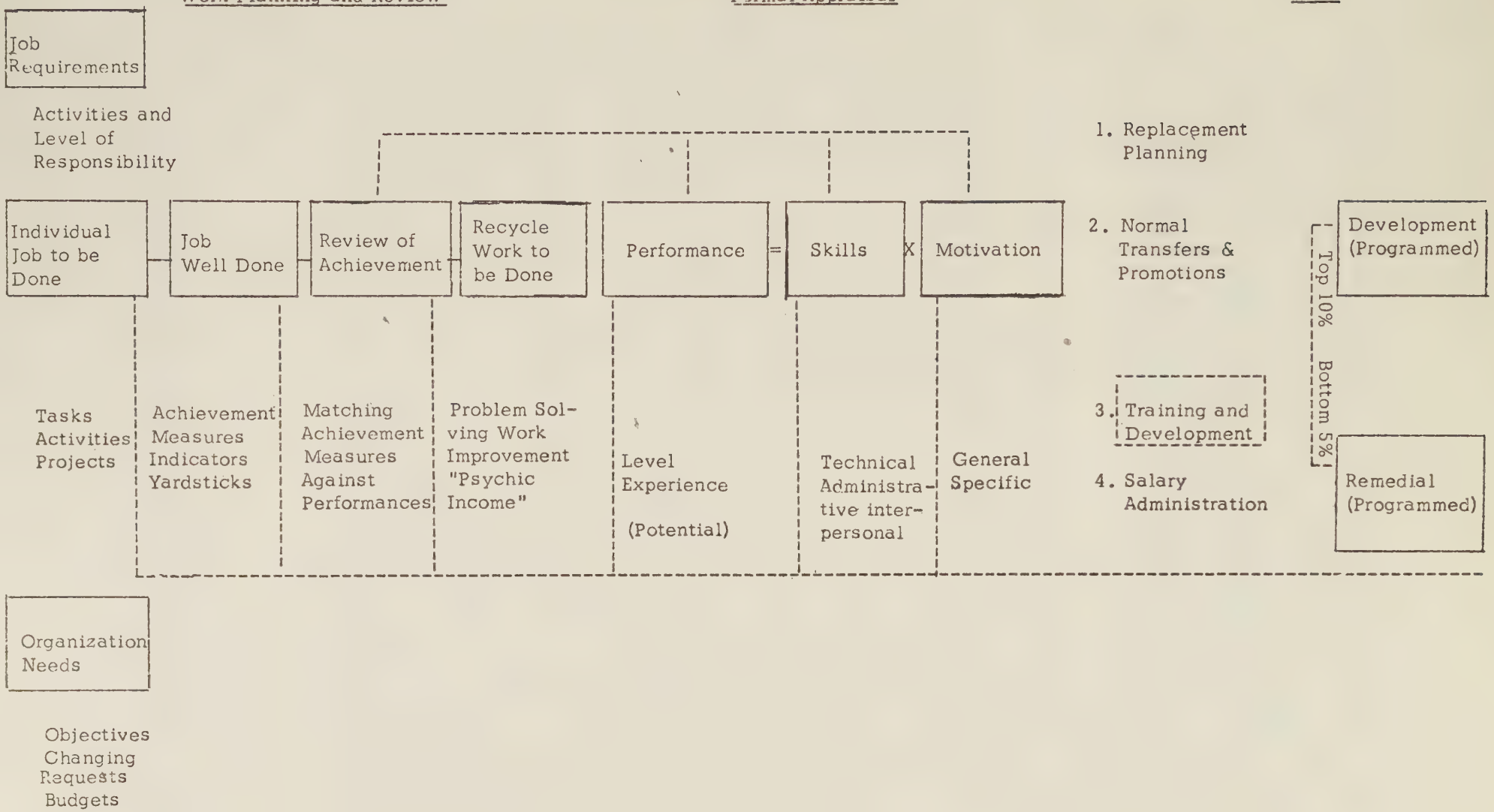
The schematic diagram in the accompanying exhibit shows the complete system in overview. There is, I feel, much to recommend in this systems approach to management appraisals and development. In addition to its positive effects on the trust in and credibility of higher levels of management, one might note also that each of the sequential steps involved in implementation of the overall system is itself accompanied by potential benefit to the organization. On the other hand, the approach also offers some potential difficulties.

Perhaps the most salient problem is the fact that the system will take up to three years to install. In some companies three years would be intolerable. But what are the alternatives? To drop appraisals? That's a practical alternative, if they are not working well. But to continue piecemeal commitments is not an alternative. As some research in the behavioral sciences indicates, one personnel program affects another; and taken together, these create an organizational climate which can, in turn, differentially affect each separate program. In the proposal at hand, therefore, time and integration are important prerequisites to optimum success.

On a more practical level, it may be difficult for some companies to provide the training necessary. In this instance there is no alternative. Since managers are not born with, nor do they necessarily acquire through experience, the knowledge and skills needed to coach, to appraise and to provide effective feedback, training is mandatory. This is a start-up cost. Improvement will follow, provided the effort is not underbudgeted and provided the management really sees a need and gets personally involved. How much improvement will depend on the technical soundness of the proposed approach and the current level of effectiveness of the management of managerial resources.

It should perhaps be emphasized that the appraisal method I am proposing is oriented toward the here-and-now (current job performance-skills-motivation). The manager is asked to describe and to evaluate only that which he has personally observed in the period under review. While this practice tends

A SYSTEMS APPROACH TO MANAGEMENT APPRAISAL AND DEVELOPMENT



to increase relevance and accuracy, it may fail, however, to reflect other useful talents the subordinate has but has not had an opportunity to display. This can be handled in two ways. First, work experience and biographical data, which most companies maintain, will provide additional information. Second, the scope and the reliability of the information obtained from assessments are very much functions of the number of separate assessments made. Several made by a single supervisory manager are better than one. Several made by each of two or three different supervisory managers are even more dependable - provided, of course, they are similar in content. Thus, another factor in the success of the personal development and manpower utilization aspects of this system is the number of assessments which are available and used at the time of decision.

Yet there is still another reason for emphasizing the here-and-now. The fact is that supervisory predictions of future performance (potential) are notoriously poor. As one authority put it:

> In connection with managerial appraisal programs, ratings of potential for advancement frequently are obtained. The difficulty with using ratings of this kind for research is that they are available and known and quite obviously can influence a man's career entirely apart from his actual competence. Even with this bias included, results with these potential ratings by superiors are not impressive.[5]

Although a manager might be asked in connection with the appraisal to list potential future assignments (in a year or two), these are by no means to be taken as predictions of the longer-range success of the individual being appraised. The listing of future assignments should, I am sure, be utilized more in the sense of career guidance and, in particular, as data input for short-term organizational replacement planning. To put these data in relative perspective, they are probably not as reliable as the other information requested. Here again, however, to the extent many supervisory managers tend to say the same things about the individual subordinate manager, the information is trustworthy.

Systematic appraisal and development of management resources is difficult, time-consuming, and not without expense. As in any large industrial undertaking, it requires a planned approach and an initial investment level appropriate to the situation. And this, I submit, means taking a systems approach. In large measure this prevents unanticipated consequences arising out of one planned phase adversely affecting another. In a more positive vein, this may also allow the management to utilize the benefits of one phase to enhance those in another. Taken together, I feel sure noticeable increments of improvement in both management appraisals and development will result.

[5] J. Miner, "Management Appraisal: A Review of Procedures and Practics," in H. Tose, R. House and M. Dunnette, Managerial Motivation and Compensation (East Lansing, Michigan State University Business Studies, 1972).

VI. the multiple-store with small individual units

So often smaller independent stores view appraisal techniques as being only for the larger stores. Yet, as usually happens, there are enough of these stores who are finding it feasible to have a formal appraisal program.

Perhaps, if you do not wish to formalize your appraisal this much, you will find it to your advantage to work out some type of formal review, whether it be on sales per week, contribution of ideas, or general good work. The small store may benefit, too, from adopting some of the forms of the larger firms which are presented in this book.

The program instituted by an NRMA member who has a chain of small shops scattered mainly through the Midwest, should be of interest to you. It includes a manager's evaluation, an employee self-evaluation, and a pattern for development. Compare it to the format you are using or, if you don't presently have an appraisal program, use it as a guide for developing one.

A second set of appraisal forms from Dunk & Bright Furniture Co., Inc. are also included to present a different approach.

TO: _____ DUE DATE _____

FROM: _____

SELF EVALUATION

TRAINING REVIEW FOR STORE PERSONNEL

Am I doing a good job?
Does my Manager think I am doing a good job?

The attached Training Review Program is designed to help you find the answers to these Questions and point the way to your growth. Complete your copy of the Training Review.

Only by being critical of yourself can you find your training needs. On each scale of Traits and Abilities place an "X" mark at the point along the scale which you feel most accurately describes you. You may record or adjust any descriptive phrase under the scale to better fit your individual needs. Rate each trait or characteristic separately. The mistake most often made in evaluating is the tendency to use the "Average" on every trait instead of being critical in judgment. You should use, wherever possible, the ends of the scale as well as the middle.

A Training Review form has been sent to your immediate manager. He will evaluate your traits and abilities and with your help make suggestions to help you grow in your job. Your self-evaluation will help your manager understand how you feel about your job.

Within the next few weeks your manager will arrange to meet with you to discuss your training and your self-evaluation. Please bring your completed self-evaluation form to that meeting.

SENSITIVITY - Consider your attitude toward corrective suggestions.

/	/	/	/	/	/	/	/	/
Appreciate corrective suggestions		Respond well to suggestions; do not accept as personal		Corrective suggestions do not hurt my work		Corrective suggestions upset me, but I do my job.		Corrective suggestions reduce my efficiency

COOPERATION - Consider your ability to work effectively with co-workers, superiors and others.

/	/	/	/	/	/	/	/	/
Some of my co-workers do not cooperate		Prefer to Work alone		Team work is adequate for good performance		Prefer to work with others		Effective in working with others; go out of my way to help others

SELF EVALUATION

PERSONAL APPEARANCE - Consider the impression that you make on others, your cleanliness, grooming and neatness.

Unusually neat and well groomed at all times	Usually careful of personal appearance	Generally neat and clean	Sometimes untidy	Generally untidy

COMPANY RELATIONS - Consider your attitude toward the Company.

Feel the Company is not fair.	Disagree with some Company policies.	Am content with Company	Defend Company	Am enthusiastic about Company and sell it to others at every opportunity.

INITIATIVE - Consider your need for supervision.

Require absolute minimum of supervision	Require little supervision	Usually take care of necessary tasks, complete them reasonably prompt.	Sometimes require prompting	Require close supervision

ATTENDANCE - Has you attendance been so irregular that it interferes with your work?

YES NO

ECONOMY - Consider your care in use of Company's resources, i.e., time, supplies and equipment.

Suggest ways to save.	Effective in controlling waste.	Reasonably economical in the use of time, supplies and equipment.	Sometimes forget that time and supplies are money.	Wasteful of Company's resources.

ACCURACY - Consider your accuracy in the work you produce.

Frequent Errors	Careless Errors	Usually accurate	Exact most of the time	Always accurate

SELF - EVALUATION

FOR SALES PERSONNEL ONLY

SALES GOALS - Starting with next month estimate the sales volume you want to attain. Enter dollars below for each month.

_____ /	_____ /	_____ /	_____ /	_____ /	_____ /

Sales History - List actual Sales produced by you in the past six months. Enter dollars below for each month.

_____ /	_____ /	_____ /	_____ /	_____ /	_____ /

PROFESSIONALISM: Rank your skills in each of these areas. Your Manager should ask you to demonstrate your skills during your meeting.

	Needs Trgn.	Fair	Good	Out-Standing
1. Gaining and holding attention - Do you greet and keep your prospects interest easily?				
2. Qualifying - Do you ask questions that identify your prospects needs quickly?				
3. Personal Introduction - Do you use the prospects' names when talking to them.				
4. Demonstrating the Product - Do your prospects lose interest when you show them what they need?				
5. Overcoming Objections-Do you find certain questions from the prospect block your attempts to close?				
6. Closing the Sale - Do you use a frequent closing technique?				
7. Selling the Advertising Item - Do you feel professional when showing a prospect an advertised item?				
8. Step-up Selling - Are there any classes of merchandise which you find it difficult to plan a move up?				
9. Add-on Sales - Are a minimum of 10% of your sales more than 1 item? (Check your records).				
10. T.O.'S to another salesperson on regular basis.				

PRODUCT KNOWLEDGE - List three classifications you sell with personal confidence in your knowledge.

_____ _____ _____

List three classifications you sell where you don't have great confidence.

_____ _____ _____

PROFESSIONAL GROWTH - List those things you need personally to do to reach your "Sales Goal".

1. _____

2. _____

3. _____

SELF EVALUATION

From the list of traits and characteristics above answer the following:

I feel my 3 strongest traits or characteristics are:

1. _____

2. _____

3. _____

I feel the 3 traits or characteristics in which I need help most are:

1. _____

2. _____

3. _____

I would like to discuss the following problem(s) (not covered by the review) with the manager:

1. _____

2. _____

3. _____

(USE ADDITIONAL PAPER IF NECESSARY)

SIGN_____

STORE_____

TO:_____ DUE DATE_____

LOCATION:_____

MANAGER'S EVALUATION

TRAINING REVIEW FOR STORE PERSONNEL

GUIDANCE

WHY CONDUCT TRAINING REVIEWS?

Every employee who is conscientious about his job needs to know how he is doing. The desire to do a good job is basic to man. Effective communication can satisfy the need to know and grow. The Training Review Program is a tool for you, as a manager, to satisfy these needs in your employees. It serves three purposes:

1. To let the employee know what is expected of him.
2. To let him know how he is meeting these expectations.
3. TO PLAN FUTURE GROWTH.

For guidance in how to use the Training Review Program refer to Procedure G-21.

SENSITIVITY - Consider his attitude toward corrective suggestions.

/	/	/	/	/	/	/	/	/	/
Appreciate corrective suggestions		Responds well to suggestions; does not accept as personal.		Corrective Suggestions does not hurt his work		Corrective suggestions upset him, but he does his job.		Corrective suggestions reduce his efficiency	

COOPERATION - Consider his ability to work effectively with co-workers, superiors and others.

/	/	/	/	/	/	/	/	/	/
Some of his co-workers do not cooperate		Prefers to work alone		Team work is adequate for good performance.		Prefers to work with others.		Effective in working with others; goes out of his way to help others.	

MANAGER'S EVALUATION

PERSONAL APPEARANCE - Consider the impression that you make on others, your cleanliness, grooming and neatness.

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COMPANY RELATIONS - Consider your attitude toward the Company.

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Require absolute minimum of supervision	Require little supervision	Usually take care of necessary tasks, complete them reasonably prompt.	Sometimes require prompting	Require close supervision

ATTENDANCE - Has you attendance been so irregular that it interferes with your work?

YES NO

ECONOMY - Consider your care in use of Company's resources, i.e., time, supplies and equipment.

Suggest ways to save.	Effective in controlling waste.	Reasonably economical in the use of time, supplies and equipment.	Sometimes forget that time and supplies are money.	Wasteful of Company's resources.

ACCURACY - Consider your accuracy in the work you produce.

Frequent Errors	Careless Errors	Usually accurate	Exact most of the time	Always accurate

MANAGER'S EVALUATION

FOR SALES PERSONNEL ONLY

SALES GOALS - Starting with next month estimate the sales volume you want to attain. Enter dollars below for each month.

_____/ _____/ _____/ _____/ _____/ _____/

Sales History - List actual Sales produced by you in the past six months. Enter dollars below for each month.

_____/ _____/ _____/ _____/ _____/ _____/

PROFESSIONALISM: Rank your skills in each of these areas. Your Manager should ask you to demonstrate your skills during your meeting.

	Needs Trgn.	Fair	Good	Out-Standing
1. Gaining and holding attention - Do you greet and keep your prospects interest easily?				
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4. Demonstrating the Product - Do your prospects lose interest when you show them what they need?				
5. Overcoming Objections-Do you find certain questions from the prospect block your attempts to close?				
6. Closing the Sale - Do you use a frequent closing technique?				
7. Selling the Advertising Item - Do you feel professional when showing a prospect an advertised item?				
8. Step-up Selling - Are there any classes of merchandise which you find it difficult to plan a move up?				
9. Add-on Sales - Are a minimum of 10% of your sales more than 1 item? (Check your records).				
10. T.O.'S to another salesperson on regular basis.				

PRODUCT KNOWLEDGE - List three classifications you sell with personal confidence in your knowledge.

_____ _____ _____

List three classifications you sell where you don't have great confidence.

_____ _____ _____

PROFESSIONAL GROWTH - List those things you need personally to do to reach your "Sales Goal".

1. _____

2. _____

3. _____

MANAGER'S EVALUATION - _____

From the above list of traits and abilities answer the following:

I feel the employee's 3 strongest traits or abilities are:

1. _____

2. _____

3. _____

I feel the 3 traits or characteristics in which the employee needs the most help are:

1. _____

2. _____

3. _____

We were unable to agree on the following traits or characteristics:

_____

_____

_____

Complete the following in duplicate. Keep a copy for your files - return this one to the Department of Personnel Development along with your copy and the employee's copy of this Training Review:

PLAN OF TRAINING ACTION:

1. Problem _____

   Development Plan _____

   Progress Review Dates: 1st Date _____ 2nd Date _____

2. Problem _____

   Development Plan _____

   Progress Review Dates: 1st Date _____ 2nd Date _____

(Use Additional Paper if Necessary)

DEVELOPMENT PROGRAM

1. (a) Trait or characteristic to be developed_____

_____

(b) Development Plan

What is to be done?_____

_____

_____

Who is to help?_____

When is it to be done?_____

Progress Review Date_____

Progress Review Date_____

---

2. (a) Trait or characteristic to be developed _____

_____

(b) Development Plan

What is to be done? _____

_____

_____

Who is to help?_____

When is it to be done? _____

Progress Review Date _____

Progress Review Date_____

---

* This form should be filled out in duplicate.

1. One copy should be kept by the manager to serve as a training guide.

2. One copy should be returned to the Store Supervisor in Kansas City along with the other papers in the Training Review package.

CONFERENCE COMMENT SHEET

1. On what traits or characteristics were you unable to agree with the employee?

_____

_____

_____

2. How did the employee feel about the interview?

_____

_____

_____

3. Other comments:

_____

_____

_____

_____

_____

_____

Employee_____

Store_____

Conference Date_____

Manager_____

EXHIBIT A

DUNK & BRIGHT
furniture co. inc.

EMPLOYEE APPRAISAL

NAME _____ TITLE _____ DEPT. _____

PERIOD COVERED: FROM _____ TO _____ APPRAISED BY _____

OVERALL APPRAISAL _____ TIME ON PRESENT ASSIGNMENT _____

ASSIGNMENTS	RATING					
	U	1	2	3	4	5

*** PERFORMANCE RATING ***

5	EXCEPTIONAL	2	FAIR
4	VERY GOOD	1	NEWLY APPOINTED
3	GOOD	U	UNSATISFACTORY

MAJOR CONTRIBUTIONS/COMMENTS:

AREAS REQUIRING IMPROVEMENT:

ORM DB1

EXHIBIT B

DUNK & BRIGHT furniture co. inc.

EMPLOYEE RATING REPORT

I NAME _____ JOB TITLE _____

EMPLOYMENT DATE _____ PERIOD COVERED _____

II

AREA	RATING					
	5	4	3	2	1	U
PRODUCTIVITY						
QUALITY OF WORK						
TECHNICAL ABILITY						
ATTITUDE						
ATTENDANCE/PUNCTUALITY						
LEADERSHIP POTENTIAL						

III REMARKS:

IV EMPLOYEE'S JOB GOALS & PLANS TO ACCOMPLISH THEM:

V RECOMMENDATIONS:

VI EMPLOYEE SIGNATURE _____ DATE _____

SUPERVISOR SIGNATURE _____ DEPT. _____

FORM DB2

VII. a pattern for the successful appraisal program

A primary objective in undertaking this study of current employee performance appraisal practices in retailing was to develop some guidelines. It was desired to provide those stores wishing to re-evaluate and/or modify their appraisal programs with a knowledge of the ingredients for success in this important area of management responsibility.

Experience, supported by a study of the questionnaire statistics and comments and confirmed or re-enforced by information obtained during interviews with selected personnel executives, makes it possible to describe the general characteristics of the successful appraisal program -- a prototype, as it were.

Documentation Furnished by Stores With Successful Programs

Documentation has been considered valid only when it takes the form of actual practices of stores. For the most part, these are stores which have stated that they feel they have attained a satisfactory accomplishment level with their appraisal programs. Therefore, not only is the pattern advocated here one that can be offered as desirable; but the practices are actually in use and are proving to be helpful as ingredients of successful programs.

Four Interrelated Phases of a Successful Program

The successful appraisal program includes four distinct general phases which are inseparable and interrelated if optimum effectiveness is to be achieved:

I) PRE-AGREEMENT BETWEEN EMPLOYEE AND MANAGEMENT

II) ACCURATE APPRAISAL

III) CONSTRUCTIVE COMMUNICATION

IV) FORMAL FEEDBACK

Each of these four phases will be commented upon separately. However, it is important first to make three points by way of introduction to set the stage for the specifics which will be presented. These points should be borne in mind at all times as the specifics are considered.

First: The successful program demands continuity of effort. Successful programs have several characteristics in common, and many people working diligently over a period of time to make the program successful is one of the most important.

One store official probably expressed the spirit of many when he commented, "Continuous efforts to improve over the years have developed for us a rather sophisticated effective program in this area of personnel management."

** Source: Chapter VI, Appraising Retail Executive & Employee Performance, NRMA Study - 1968.

Undoubtedly, this continuity is a key factor and establishes a climate for success. It also tends to dispel any idea that success in appraisal programs comes quickly or easily.

Second: The successful program demands multi-faceted scope of effort. It is necessary to employ a wide variety of activities to assure success. The appraisal program involves many aspects and is complicated by interrelationships between its various phases. Therefore, the efforts of many people must be co-ordinated through careful planning and execution to prevent or correct weaknesses in the system and to prevent or correct weaknesses related to the appraisers. Teamwork, with all the players pulling their weight, is a must for a successful program.

Third: The successful program must be formal and written. There is a place in the superior-subordinate relationship for the informal, unrecorded performance appraisal. Day-to-day contacts on the job and discussions of assignments and employee accomplishments afford continuous opportunities for development of an understanding between the employee and his superior as to the quality of the employee's performance. The effective supervisor takes advantage of these opportunities to build a sound rapport with his subordinates.

However, the successful appraisal program must involve formal appraisals and the appraisal itself must be made a matter of record in writing if it is to reach an acceptable level of effectiveness.

Too often the superior labors under the conception that, "He knows what I think of him" only to learn at some point that what he thought of his subordinate and what the subordinate thought he thought were drastically different -- different enough to make the relationship considerably less effective and harmonious than it otherwise might have been.

A. The Pre-Agreement Between Employee and Management

The pre-agreement involves a mutual understanding between the employee and the management as to the responsibilities which make up the position the employee is offered (when hired or when promoted) and is the answer to the employee's question of "What is expected of me?"

I) THE JOB DESCRIPTION:
Every position, executive or non-supervisory, should have a current and accurate description which sets forth the duties and responsibilities which make up the position. Ideally, this description should be in enough detail so the employee will have no doubts as to what is expected of him or the scope of his responsibilities. Ideally, also, this description should be discussed with the employee at the time the decision is being

made as to whether he is to be placed in the position -- or if for any reason it is not practicable to do so at that time, this discussion should take place as soon as the employee assumes the responsibilities.

II) THE APPRAISAL FORM:
The appraisal form reflects either the specific points upon which the employee's performance will be judged or the general areas which will be considered when making such a judgment. An opportunity to examine the appraisal form should be afforded the employee early in his incumbency of a new position and if possible there should be an attempt made by a qualified member of management to interpret the standards which will be applied as well as some interpretation of the relative importance which will be placed upon the various components which in total make up the whole position.

Sample:

Store Name

Position Title	Divisional Sales Manager	Location	Assigned
Reports to	General Sales Manager, Home Store	Position Number	Sections G.
Division	Home Stores Regional Stores	Effective Date	
Department and Unit	Accessories, Basement, Fashion, Home Furnishings Home Store Assigned (Regional Stores)	Page	1 of 2

Basic Functions

Supervises and coordinates activities of Department Sales Managers to achieve planned profit contribution in the elements of sales, stock shortage, payroll and supply expense, and advertising expense within budget; and to insure the realization of divisional and Store objectives.

Personally Performed Responsibilities

Planning and Policy Responsibility

Determines that Department Sales Managers are maintaining a high level of performance in supervision of salespeople; stock-keeping; housekeeping; merchandise display and promotion; control of theft, damage and stock shortage; and the continuation of customer services and employee relations in conformance with Company policies and standards. Working with Department Sales Managers, develops required planned goals of sales, and makes recommendations covering planned profit contribution elements, and monthly advertising expense budget.

Other Personally Performed Functions

Directs and coordinates activities of Department Sales Managers to achieve department and divisional planned profit contribution through recommendations to Divisional Buying Manager on maintenance of planned stock assortments and needs for specific merchandise, and effective sales promotion in advertising, selling and display. Determines that Department Sales Managers maintain Company standard of customer service and selling in each assigned department. Reviews, changes as necessary, and approves payroll, supply and other direct expense budgets; and submits consolidated budget for review and approval. Reviews Merchandise Assortment Plans, and reviews with Department Sales Managers dollar sales and stock plans, as received from Divisional Buying Managers, and makes recommendations for changes. Determines that Department Sales Managers work with Buyers in maintaining current and balanced stocks. Frequently inspects selling floor and stockrooms to determine that Department Sales Managers are adhering to sound principles of stock-keeping, housekeeping, sales promotion, and stock shortage control. Works closely with Department Sales Managers and Divisional Buying Manager on disposition of old stock, advising the latter of needed action warranted by conditions. Reviews, modifies and approves "Always-in" merchandise lists submitted by Department Sales Managers, and determines that "Always-in" system is functioning effectively. Consults with Divisional Buying Manager on need for price changes, and determines that such changes are made in accordance with established procedure. Informs Display and Training Departments of divisional themes and seasonal merchandising programs of Corporation. Determines that scheduled inventory and other counts are submitted on time. Works with Divisional Buying Manager in formulating preliminary newspaper advertising schedule; coordinates preliminary schedule with overall Store advertising schedule; and upon receipt of revised schedule from Divisional Buying Manager, distributes to Department Sales Managers. Responsible for effective sales promotion in department arrangement, display, signing, and selling. Keeps Divisional Buying Manager informed at all times of "What's Selling" in his division.

Delegated Responsibilities

The Divisional Sales Manager, exercises control over the responsibilities which he has delegated to those positions directly supervised for which titles and basic functions follow. This control includes approval of matters submitted to him as required by the duties of these positions.

Department Sales Manager

Manages one or more selling departments to achieve planned profit contribution in the elements of sales, stock shortage, payroll and supply expense.

Secretary

Performs general office work of a nature that relieves supervisor of minor administrative and clerical duties and requires the use of stenographic skill and/or the ability to compose and type correspondence; and performs other duties peculiar to an individual departmental function.

Relationships

Internal Relationships

Meets frequently with Divisional Buying Manager regarding merchandising, distribution and promotional activities of assigned departments.

External Relationships

Maintains contacts with competitors to keep informed on merchandising, selling and promotional developments.

B. The Accurate Appraisal

Accuracy in the performance appraisal has been described as a highly desirable foundation from which to proceed toward the TOTAL UTILIZATION concept of human resource management. Yet it has been acknowledged that stores experience a great deal of difficulty in attaining an acceptable level of accuracy in their appraisal programs.

Perhaps complete accuracy and objectivity are unattainable in a system which is in the final analysis predicated upon human evaluations and human judgment. However, every effort should be made and safeguards must be provided to attain an acceptable level of accuracy. The combination of the following provisions in the appraisal program will make important strides toward that end:

I) ISSUING WRITTEN POLICIES, PROCEDURES AND INSTRUCTIONS

II) PERSONNEL DIVISION COORDINATION AND PARTICIPATION

III) CHIEF EXECUTIVE OFFICER PARTICIPATION

IV) TOP MANAGEMENT PARTICIPATION

V) APPRAISAL COMMITTEE DETERMINATION

VI) MIDDLE LEVEL LINE EXECUTIVE PARTICIPATION

VII) TRAINING OF THE APPRAISERS

VIII) PROVISION FOR QUALITY CONTROL

I) Issuing Written Policies, Procedures and Instructions

Accuracy in appraisals goes hand in hand with uniformity and consistency. A first step in providing for these qualities is to develop a set of policy and procedure statements covering all important aspects of the program. These statements should be established with the complete knowledge, participation and agreement of all policy-level executives in any organization, to help assure their complete and wholehearted support.

Some stores have prepared for distribution to the appraisers manuals or other written material, which establishes the climate and framework for their entire programs. These included such material as:

a) Policy statements covering all important issues about the appraisal programs,

b) Procedures, including the time and method of involvement for all participants,

c) Instructions for completing the appraisal forms,

d) Instructions as to how, when, where to interview the employee.

One such general policy and procedure statement concerning appraisal of non-supervisory performance is reproduced on following pages.

Procedures and other instructions will be included in later sections.

II) Personnel Division Coordination and Participation

The division in the store organization charged with the responsibility for setting the stage for a successful appraisal program is the Personnel Division. The line organization must function effectively in carrying out the program, but it is a primary responsibility of the Personnel Division to see that the program operates.

Personnel Division active participation at ALL organizational levels and for ALL categories of employees is an integral part of a successful appraisal program. Actually, the Personnel Division has two primary responsibilities:

a) To establish and coordinate the schedule for the entire organization and then to participate personally, thus adding consistency and uniformity in application of standards, and

b) To train the appraisers to appraise and the interviewers to interview.

Different organizational levels within the Personnel Division might participate in appraisals at different levels in the organization at large. For example, the following is fairly common procedure:

a) The Personnel Director participates personally in appraisals at all executive levels, especially at Administrative and Senior Executive levels.

b) Another senior representative of the Personnel Division, frequently called a Director of Management Development, takes a personal part in other executive appraisals, especially at Junior Executive and Trainee levels.

Sample forms follow:

POLICY AND PROCEDURE BULLETIN

BULLETIN NO.	
PAGE	OF
DATE	

SUBJECT: Semi-Annual Performance Review and Performance Interviews - Weekly Payroll

OBJECTIVE

The purposes of the Semi-Annual Performance Review are to obtain an accurate, objective evaluation of each Associate's work performance, potential for growth and plans for his development through communication to the Associate. Its chief value is obtained through any consequent improvements in job performance and employee morale.

POLICY

1. Regular Reviews

Twice yearly the performance and wage rate of all Regular Weekly Associates are reviewed and at least once yearly the performance and wage rate of all Contingent Associates are reviewed.

At the time of each regular review, instructions are issued in memo form to appropriate executives for their guidance in considering salary adjustments at that specific time.

2. Interim Adjustments

The regular reviews do not preclude the desirability of making certain types of salary adjustments between reviews. New employees, employees who are making exceptional progress, and employees who are given substantial increases in responsibility should receive prompt salary recognition as soon as deserved.

3. Personal Interview

Not less than once a year, each Associate should have the benefit of a real discussion with his supervisor at which time the supervisor will discuss the employee's performance and tell him what can be done to show further progress.

4. Records

Records of performance ratings, wage increases and individual interviews are an important part of each Associate's personal file maintained in the Personnel Division and should be completed with great care.

PROCEDURE

1. Completion of Review Forms

Semi-annually, electronic processed Performance Review sheets,

SUPERSEDES BULLETIN NO. _____ DATED _____	ISSUED BY:
COPIES OF THIS BULLETIN HAVE BEEN ISSUED TO All Major Executives and all Branch Store Executives.	V. P. Personnel

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together with appropriate verbal and written instructions, are released by the Superintendent of Personnel Administration to Divisional and Branch Store Managers. Following such release, Divisional and Branch Store Managers meet with their Department Managers to discuss reviews and to distribute review sheets.

Names of Associates not listed should be added by the Department Manager and appropriate comments should be noted where names of transferees or terminated employees appear.

Ratings should be on the basis of the previous six months total performance. Single favorable or unfavorable incidents should not unduly influence the rater. All Associates should be rated on one factor at a time instead of rating one Associate on all factors. This method should assure a better comparison of factors and a higher degree of impartiality, i.e. avoid "the halo" affect. Advantage should be taken of the wide range of rating grades (1 through 8).

Recommendations should be specific such as:

a. Further training needed in _____
b. Consider for transfer to _____
c. Consider for retirement by _____
d. Disciplinary discussion needed with Personnel

2. Processing of Reviews and Wage Adjustments

Upon their completion, Performance Reviews are submitted by the Department Manager to his Divisional Manager for discussion and approval. When completed and signed by both the Department and Divisional Manager, one copy is forwarded to the Wage and Salary Administrator under "Personal and Confidential" cover and one copy is retained in the office of the Department Manager.

The Wage and Salary Administrator reviews the ratings, productivity and wage recommendations for each Associate. Questions regarding wages are discussed and resolved between the Wage and Salary Administrator and the Department or Divisional Manager.

Following the final approval of any wage increase, written confirmation is released by the Wage and Salary Administrator to the Pay Office and to the Associate's Department and Divisional Manager. Only upon receipt of such written confirmation is the individual to be informed, by his Department Manager, of the change in his wage status.

POLICY AND PROCEDURE BULLETIN

BULLETIN NO.	
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DATE	

SUBJECT: Semi-Annual Performance Review and Performance Interviews - Weekly Payroll

After reviews have been completed and wage changes processed, ratings and rate changes are posted to the Associate's central record maintained in the Personnel Division. Following such postings, rating sheets are then made available to Training and Personnel Representatives.

3. Performance Interview

Each employee should have the benefit of a real discussion with his supervisor at least once per year. If an employee receives a merit salary increase, it is usually desirable to hold this discussion with him at the time he is informed of the change in salary. Even though an employee does not receive a merit increase, it is still desirable, in almost all cases, to have an annual interview with him.

The following considerations will help assure the success of the Department Manager's interview:

a. Plan each interview in advance, allowing sufficient time for discussion so that there is no appearance of haste.

b. Prepare for any answers which might be required and assemble all pertinent facts.

c. Private discussion is, of course, necessary.

d. Be at ease and put the employee at ease by having a friendly and relaxed attitude.

e. Encourage the Associate to participate in the interview, to express his opinions freely and when he expresses an opinion give him your full and undivided attention.

f. Be objective. In discussing factors needing improvement, give specific examples, mention such things as production, attendance, selling cost, returns, etc.

g. Minimize negatives and Personal Accusations - (Avoid saying, "You do not do this" and "You Fail to do that.")

h. Invite the Associate to help analyze and solve his own problems.

SUPERSEDES BULLETIN NO. _____ DATED _____	ISSUED BY:
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POLICY AND PROCEDURE BULLETIN

BULLETIN NO.	
PAGE	OF
DATE	

SUBJECT: Semi-Annual Performance Review and Performance Interviews - Weekly Payroll

i. Build confidence. Convince the employee that he can improve. You will help and if he tries hard enough, he will succeed.

The interview presents an excellent opportunity to commend good work, to counsel, to offer constructive methods for self-improvement, and to strengthen the relationship between you and your Associates. One of the most important objectives of Management is the development of our employees, and Executives themselves are specifically rated on their success in this respect.

Immediately after the employee has left the office, prepare a complete report on one of the interview forms provided for this purpose. For employees on the weekly payroll, route the form to the Personnel Representative under confidential cover.

4. Follow-up

a. The Training Representative has the responsibility for examining ratings of Associates in her area and for planning, recommending and discussing with the Department Manager the action to be taken particularly in the case of sub-standard performers. Following the action, if a point is reached where the Training Representative feels it is not possible to bring a sub-standard employee's performance to a satisfactory level, this is reported to the Department Manager and the Personnel Representative.

b. The Personnel Representative has the responsibility for helping to implement recommendations submitted by the Department Manager and the Training Representative. Ratings are reviewed by the Personnel Representative to assure a full knowledge of each Associate's progress.

c. The immediate supervisor has the primary obligation to discuss progress and obtain satisfactory performance. The Personnel Representative strengthens the Department Manager's efforts and confirms Company objectives by also letting the employee know, usually at the time of his annual interview in the Personnel Division, that performance factors are a matter of Company record.

SUPERSEDES BULLETIN NO. _____ DATED _____	ISSUED BY:
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c) At the non-supervisory levels in both Sales and Sales Supporting areas the participation is often by another assigned member of the Personnel Division.

A number of stores have a Personnel Review Department whose members serve on appraisal committees for non-supervisory employees.

As one store executive stated it, "We obtain accuracy and uniformity by the participation of the Personnel Review Department. The Personnel Representatives have been trained."

III) Chief Executive Officer Participation

One key to the degree of success attained by appraisal programs is to be found in the amount of participation of the Chief Executive Officer (his title may be President or Chairman of the Board or Executive Head or some other title but he is the top ranking executive and the Chief Executive Officer of his firm). For convenience, he will be designated as "C.E.O."

The C.E.O. should make a personal and tangible contribution to the program, and be a major participant. He may play one of several roles. On the one hand, he may choose to be the kingpin around which the entire program revolves by being Chairman of a committee which establishes all appraisals at the Senior Executive and Administrative levels. On the other hand, he may choose to assume the role of judge with veto power by reviewing the appraisals prepared by his subordinates.

In other words, he may APPRAISE THE APPRAISALS or he may APPRAISE THE APPRAISERS or he may choose to assume both roles.

The C.E.O. in one organization is quoted by his Personnel Director as saying, "The only really important job we (at Administrative level) have to do is develop people." This particular C.E.O. then proceeds to prove that he means it by evaluating the appraisers of all executives while discussing each appraisal in great detail.

IV) Top Management Participation

Top management's active participation and complete support is present in successful programs. Top management includes those executives elsewhere defined as "ADMINISTRATIVE" (not necessarily including the Chief Executive Officer). In a successful program, these policy level executives are formally appraised themselves, appraise their subordinates, review the appraisals established by their subordinates, and supply the appropriate support and climate to see that appraisals are given proper importance down through all organizational levels until every employee, executive and non-supervisory, is appraised.

Many comments were made by stores which indicated this participation. As one store put it, "Top management is very interested in these appraisals and is constantly working to increase their effectiveness."

V) Appraisal Committee Determination

An appraisal committee approach (in one form or another) should be standard organizational procedure in a successful program. One type might be called a "Permanent Committee" which is a sort of review board for all appraisals. One such committee is shown by an individual store's comment, "To strengthen the review program we have sessions where the Treasurer, Divisional Director and Personnel Director go over all reviews for all employees in the store."

A second and more common form of committee might be called the "Rotating Committee." Membership or participation on a rotating committee changes, depending upon which employee is being appraised.

As one store official pointed out, their appraisal procedure always involves three levels of supervision somewhat as follows:

First, the appraisal forms are executed by the employee's immediate superior. Next, the immediate superior discusses the appraisal with his immediate superior. Then, these two executives together with the next higher ranking executive and a qualified personnel executive form a committee-conference at which time the official appraisal is established and recommendations are agreed upon. At this committee-conference, one practice might be to have the immediate superior of the employee being appraised present his appraisal verbally and support his appraisal to others present.

Certain modifications may be introduced into this pattern in various ways but the general framework described above will be found in successful programs. Its strength, of course, lies in the fact that it embodies the technique of final appraisals being determined by joint conference of several qualified representatives of management. The value of this practice was commented on in an earlier section of this report.

One personnel executive supplied a summary comment here, "I feel that our main tool for educating the rater is the Review Committee..." He might also have said that it is an important tool for attaining accuracy.

VI) Middle Level Line Executive Participation

Implicit in the APPRAISAL COMMITTEE principle is the participation of middle level line executives. It should be stressed, however, that this line executive participation in a successful program must be voluntary, wholehearted and complete.

The climate which attaches itself to the appraisal program throughout the organization, the value it acquires and the acceptance of its importance in the general hierarchy of management responsibilities is to a major extent a direct reflection of the attitudes of these line executives toward it.

The C.E.O., top management and the personnel division, all of whose participation is vital to a successful program, cannot make up for weaknesses in effectiveness or negativeness in attitude on the part of middle level line executives.

VII) Training of the Appraisers

Successful programs encompass a well-rounded program for training the appraisers before the appraisals are established. By this means, consistency as well as accuracy of appraisals is enhanced.

In addition to issuing written policy and procedural statements, usually several measures are employed such as:

1) Training in all aspects during formal Executive Training Course sessions including explanation of the rating form and how to use it.

2) Regular educational meetings (or briefing sessions) with all supervisors immediately prior to their completing appraisals.

3) Counseling of supervisors on specific problems they encounter in making out appraisals.

4) Conference type sessions between the Personnel Director, major division Heads and the line executives who will establish a certain group of appraisals.

5) A workshop approach with specific examples and cases to examine and practice judging.

It should be stressed that a successful program should involve use of a combination of the above factors. Many stores use all of the above measures in one form or another. The following pages contain examples of instruction manuals of four organizations training appraisers in how to appraise.

Personnel Appraisal Guide - Store "A"

F O R E W O R D

The principal management development objectives of (Store A) are twofold: First, to help all members of management improve themselves in their present positions and become better managers; and second, to prepare them to assume more responsibility as they and the company grow.

Management Development activities can assist the company materially in increasing our organizational effectiveness through better utilization of executive abilities, in building a reserve of qualified men and women to back up key positions, and in maintaining executive morale. Management Development is essentially a functional responsibility of every administrator. We can succeed in this only if every person in a management job recognizes in his daily actions that one of his prime responsibilities is the development of the people who report to him.

In order to evaluate the performance and potential of Store A's supervisory personnel fairly and adequately, we have established a Personnel Appraisal Program, which is detailed in the accompanying reference Guide. This program will be conducted on a year-around schedule, thereby providing an annual appraisal of each supervisor's performance, plus annual forward planning for his personal development and progress. This program has the acceptance and support of all major executives in the company.

One standard appraisal form will be used throughout the company. Supplementary attachments, which may accompany the basic form, will be developed wherever necessary to meet the special needs of certain divisions or certain jobs. May I suggest that everyone concerned subscribe to this concept: Forms and procedures are incidental; they facilitate planning, but their end purpose is action - taking positive steps for the development of managers.

As you will note in the Personnel Appraisal Guide, considerable emphasis is placed upon the handling of post-appraisal interviews. A sincere and constructive discussion of where the individual stands now, in relation to his assigned responsibilities, followed by mutual understanding of what his personal goals should be for the ensuing year, are the true objectives of this appraisal program. A thoughtful appraisal should give purpose and direction to the personal interview. From that point on, progress in improving job performance will depend upon the personal efforts of the individual and the degree of interest shown by his superior.

(Signed:) _____

President

I N T R O D U C T I O N

PURPOSE

The basic purpose of Store A's Appraisal Program is to determine objectively how well each Supervisor is performing in his present job and to aid him in improving his performance. The appraisal is based upon a review of his on-the-job performance in relation to the specific responsibilities assigned to him.

This is not a comparison of one Supervisor with other Supervisors. Only one individual is being judged - in relation to his job responsibilities.

There is nothing mysterious about the appraisal of a subordinate's work. It is something that every Supervisor should do informally every day. The annual appraisal is really a summary of these day-to-day evaluations, but with a group of executives pooling their judgments of the subordinate.

The advantage of a group appraisal is that it concentrates on facts and eliminates, to a large degree, the personal opinions of one person which may only be impressions not supported by actual conditions.

FREQUENCY OF APPRAISAL

The Supervisory Appraisal Program will be conducted on a year-around basis, the Division head concerned being responsible for scheduling the appraisals of all Supervisory personnel in his Division.

Every member of Supervision will be appraised once each year. Appraisal dates need not coincide with salary reviews, but appraisal results will be considered in compensation reviews.

COMPOSITION OF APPRAISAL TEAMS

Appraisal Teams will usually consist of three people, and, in any case, not less than two people. The immediate superior of the Supervisor being appraised should be a member of the Appraisal Team. Additional members will be determined by the Division Head concerned.

An appropriate Branch Store executive will be a member of the Appraisal Team whenever Branch Store Supervisors are evaluated.

C O N D U C T I N G T H E A P P R A I S A L

RESPONSIBILITIES OF THE CHAIRMAN

The Chairman is usually the senior executive member of the appraisal team, in the direct line above the individual being appraised. It is his responsibility to:

Check with Supervisors in other Divisions with whom the subordinate being rated has regular contact and get their reactions to him prior to holding the appraisal meeting.

Schedule the appraisal meeting for a time and place where it can be free from interruptions.

Be sure that appraisers understand the importance of their responsibility in appraising another individual.

Take them into full confidence and furnish a briefing of the individual's background.

Stress importance of complete and honest opinion.

Keep adequate notes of pertinent points during discussion, or have a member of the team do this, for the purpose of completing the appraisal form.

RESPONSIBILITIES OF APPRAISAL TEAM

Discuss the man in relation to his job:

Use his Job Description as a guide for discussion of his performance.

Measure his performance against plans and objectives laid out for him during the period being reviewed.

Do not compare the Supervisor with others at his level in the organization, but measure his effectiveness in relation to his job responsibilities.

Keep his personality traits in the background, unless they have an important effect on the quality of his work.

Discuss what he has accomplished - or has not accomplished - during the appraisal period.

Be sure that any lack of progress toward assigned objectives is clearly the Supervisor's fault, not due to a decision of his superiors or conditions beyond his control which blocked his progress. Conversely, be sure that outstanding performance for which you give him credit is due primarily to his efforts.

THE APPRAISAL FORM

One standard form is used for recording all appraisals. In general, this form alone will be sufficient. However, in some cases, notably with respect to Buyers, a supplementary sheet may be attached, giving detailed statistical data of past performance.

When completed, the appraisal form is a confidential document, and the number of copies prepared should be carefully limited. One copy of each completed appraisal form for executives up to, and including, the Buyer and Department Head level must be sent to the Executive Development office.

Discretion should be used in selecting the persons who will type and file appraisal forms.

The following completed appraisal forms are examples of how the results of an appraisal are recorded.

CONDUCTING THE APPRAISAL

The seven principal sections of the Appraisal form constitute a guide for conducting the appraisal session, and considering them in the following order will facilitate the completion of a well organized appraisal:

1. RESULTS
2. METHODS
3. PERSONAL QUALIFICATIONS
4. STRONGEST SINGLE QUALIFICATION
5. PRINCIPAL POINT FOR IMPROVEMENT
6. POTENTIAL
7. ACTION

SUMMARY APPRAISAL (CONFIDENTIAL WHEN COMPLETED)

Management Inventory and Development

Name		Position		Date
ROE - Richard		Assistant Buyer		4-3-63
Department 678 Barbecue Shop	**Location** Downtown	**Age** 25	**Entry Date** 3-17-60	**Years on Present Job** 2

This Summary Appraisal is a narrative description developed from a detailed analysis of the employee's work.

PERFORMANCE

RESULTS (What has this individual accomplished in measurable results since his last appraisal? Consider quantity, quality, cost and time element of work. Give facts and figures wherever possible. Consider human relationships. Be specific.)

Has done excellent job with "style out" resulting in net reduction of 26 items. The revised assortment, with a $5,000 decrease in liability, has produced a 13% increase ($19,500) in sales of grills and braizers through better concentration of stock on hand. He is responsible for a 2% greater markup on all vacuumware. His revision of stock records has simplified this procedure greatly and resulted in more accurate and timely information, improved in-stock condition, and the elimination of one clerical. His current staple list is more complete and his staple checks have consistently been above 95%. He is conscientious in checking of ad proofs. He has consistently worked well in keeping up Branch Store stocks. Condition of the warehouse stock has improved through his efforts as indicated by a reduction in "A" markdowns from $5,879 to $4,987.

METHODS (How does this person go about getting his job done? How does he work with and through people? Be specific.)

He is very analytical and exact in his figure work as well as contributing good ideas for more business that are well thought out. He is alert to competition. He tends to do a great deal of work himself and is very demanding of others. The warehouse stockmen respect his ability, but do not like to work for him because of his abrupt attitude toward them and his apparent lack of consideration for them. He should work to improve his relations with warehouse employees.

First Example of Completed Appraisal Form Store "A" (Front)

PERSONAL QUALIFICATIONS

List only outstanding qualifications either above or below average.

GENERAL

Clean cut, neat in appearance and dress, makes excellent impression and is at ease with resource representatives and store superiors. Has excellent drive, but is intolerant of subordinates and associates who do not work as hard as he does.

STRONGEST SINGLE QUALIFICATION

Ability to work efficiently and accurately and to complete work on time with minimum supervision.

PRINCIPAL POINT FOR IMPROVEMENT

Ability to understand the feelings of his subordinates.

POTENTIAL

What is the next step ahead for this individual and does he have further potential beyond next step? If so, outline.

☒ Promotable ☐ Capable of handling more responsibility at the same level in the organization ☐ Has potential but requires additional development

☐ Satisfactory ☐ Unsatisfactory

Could handle Assistant Buyer's job in a larger department or Buyership of small department.

ACTION

(Recommend action such as Training, Change of attitude, Encouragement, Promotion, Transfer, Termination, Put on Probation, etc.)

1. Work more closely with warehouse stock people and become thoroughly familiar with their operations and problems. 2. Work more closely with Downtown Department Managers to develop a stronger mutual understanding and team spirit. 3. Prepare, on his own, merchandise plans for the dissections under his control. 4. Work toward increasing gross margin for grills and braizers from 38.4% to 40.0%.

APPRAISAL MADE BY

Name	Title
	Divisional Merchandise Manager
	Asst. Divisional Merchandise Manager
	Buyer

The performance and personal qualification sections of this report have been discussed with the employee by-

Name	Title	Date

First Example of Completed Appraisal Form Store "A" (Reverse)

SUMMARY APPRAISAL (CONFIDENTIAL WHEN COMPLETED)

Management Inventory and Development

Name	Position	Date
DOE - John	Manager	4-1-63

Department	Location	Age	Entry Date	Years on Present Job
Workroom "X"	Downtown	36	3-3-53	2

This Summary Appraisal is a narrative description developed from a detailed analysis of the employee's work.

PERFORMANCE

RESULTS (What has this individual accomplished in measurable results since his last appraisal? Consider quantity, quality, cost and time element of work. Give facts and figures wherever possible. Consider human relationships. Be specific.)

Met those objectives set out for him in 1962 regarding reduction of overtime and increase of production. Productivity during 1962 up over 1961, 21.4 units per man hour versus 19.5. Overtime was reduced from 3,189 hours to 848 hours. Quality not measurable, but A.F. charges in line with previous years. Housekeeping is sliding. Several accidents from slippery floors. Absence pay up from 1.8% of payroll in 1961 to 2.1% in 1962. Needs to watch 1963 absence records. Has superior technical knowledge, acknowledged expert in his field.

METHODS (How does this person go about getting his job done? How does he work with and through people? Be specific.)

Morale of people good. People accepted new mechanical equipment and reduction in overtime well. Is excellent planner within his own area, but tends to ignore Merchandise people's point of view when planning concerns other departments as well as his own. Must stop and consider problems of others, tends to be intolerant. For example, installed new workroom "XYZ" procedure in April-1962 without proper clearance. Tends to short circuit personnel policies; i.e., forced people to take time off during slow period to keep expenses down. Should develop more contacts with Department Managers and Buyers in all three stores. Can be a personable fellow when he wants to.

Second Example of Completed Appraisal Form Store "A" (Front)

PERSONAL QUALIFICATIONS

List only outstanding qualifications either above or below average.

GENERAL

Mentally alert, good physical condition. Has initiative when challenged. Works well when stimulated. Needs frequent recognition. Likes to meet goals, but goals must be set for him. Is loyal to company and his superiors. Tends to be uneasy with other supervisors. Has difficulty in report writing and formal presentations. Is a doer - not a thinker.

STRONGEST SINGLE QUALIFICATION

Dependability: meets all goals set for him.

PRINCIPAL POINT FOR IMPROVEMENT

Insensitivity to problems of others.

POTENTIAL

What is the next step ahead for this individual and does he have further potential beyond next step? If so, outline.

☐ Promotable ☐ Capable of handling more responsibility at the same level in the organization ☒ Has potential but requires additional development

☐ Satisfactory ☐ Unsatisfactory

Is a good trouble shooter under supervision. Can handle large workroom.

ACTION

(Recommend action such as Training, Change of attitude, Encouragement, Promotion, Transfer, Termination, Put on Probation, etc.)

1. Develop better relationships with Buyers and Department Managers in all stores through more frequent personal contacts. 2. Present a written report mostly on suggestions for increasing production and reducing overtime. 3. Study absence records and present recommendations by August 1 for reduction in absence pay. 4. Improve housekeeping.

APPRAISAL MADE BY

Name	Title
	Store Superintendent
	Workroom Supervisor
	Divisional Merchandise Manager

The performance and personal qualification sections of this report have been discussed with the employee by -

Name	Title	Date

Second Example of Completed Appraisal Form Store "A" (Reverse)

Personnel Appraisal Guide--Store "A" (Cont'd)

RESULTS

WHAT HAS THIS INDIVIDUAL ACCOMPLISHED IN MEASURABLE RESULTS SINCE HIS LAST APPRAISAL?

Following are illustrations of the types of questions that should be considered under "Results." Not all of these questions will apply to every individual being appraised, and there may be additional questions which should properly be considered.

Has he attained merchandising goals? (Evaluate item by item)

Has he operated within his budget?

What projects has he completed, and what were the results?

Has he accomplished more and done a higher quality job than would be expected normally?

Has he received commendation or complaints from others?

Has he maintained a high quality of work, if measurable?

BE SPECIFIC: GIVE FACTS AND FIGURES WHEREVER POSSIBLE

Merchandising Figures

Production Reports

Budget Performance

Miscellaneous Departmental Cost

Special Projects

METHODS

DISCUSS HOW HE GOES ABOUT GETTING HIS JOB DONE

Following are illustrations of the types of questions that should be considered under "Methods." Not all of these questions will apply to every individual being appraised, and there may be additional questions which should properly be considered.

Does he make accurate reports, or do they need checking?

Does he concern himself with unimportant detail?

How does he organize his work?

Does he follow through? Can assignments given him be forgotten, knowing that he will complete them properly and promptly?

Does he delegate enough responsibility?

How does he develop his people? Whom has he developed?

Does he maintain good group discipline?

Does he show favoritism among subordinates?

Is he able to present and sell his ideas to his superiors?

Does he work well with his associates in other Divisions?

Can he adapt quickly to sudden changes?

Does he function well under pressure?

Is he willing to accept responsibility for his errors or those of his subordinates?

How well is he liked, accepted and trusted by his associates?

Does he subordinate his own personal desires to the best interests of the company?

PERSONAL QUALIFICATIONS

GENERAL: WHAT PERSONAL QUALIFICATIONS DOES THIS INDIVIDUAL HAVE THAT ARE PERTINENT TO HIS JOB?

Following are illustrations of the types of questions that should be considered under "Personal Qualifications." Not all of these questions will apply to every individual being appraised, and there may be additional questions which should properly be considered.

Does he have a thorough knowledge of his job?

Has he confidence in himself?

Is he a self-starter?

Is he analytical or emotional in solving problems?

Does he express himself clearly and well, both orally and in writing?

Does he assume responsibility willingly?

Is he open-minded?

Is he fair?

Is he patient?

Is he a good listener?

Does he place importance on integrity, both in himself and in others?

Does he create a good impression? (Appearance, dress, manners, disposition)

STRONGEST SINGLE QUALIFICATION

This is a highlight from the general statement. It is his outstanding attribute.

PRINCIPAL POINT FOR IMPROVEMENT

Again, this is derived from the general statement. It is the shortcoming which needs attention if the man is to progress. Everyone has some weakness.

ACTION

List specific objectives for him to achieve for the coming year. These are the goals for him to reach for. They should be related to the improvement of his job and his department's performance. They should be within his capacity to obtain and be spelled out clearly. It is progress towards these goals that will be the principal basis for his next appraisal. Any additional training that he may need to help him achieve these goals should also be listed.

If the Supervisor's work is unsatisfactory, indicate what action is to be taken - and include dates.

CONCLUSION

Obtain agreement of all members of the Appraisal Team on each statement recorded in the Appraisal form. Exclude statements on which there is not unanimous agreement.

Be sure that each member of the Appraisal Team reads the typewritten statement, and signs all copies of the completed Appraisal form, before it is discussed with the individual.

DISCUSSING THE APPRAISAL

Shortly after an appraisal has been made, it will be reviewed by the appropriate Division Head, Pyramid Head or General Management. Then the content of the appraisal will be discussed with the individual appraised, by his immediate superior or the superior next above. In some cases, two members of the Appraisal Team may jointly conduct the interview.

The purpose of the Appraisal interview is to inform the Supervisor of his appraisal results. It requires the superior to specify what is expected of the Supervisor and to discuss how well he is fulfilling these expectations.

Also, it permits the individual who has been appraised to ask questions and to air his own feelings.

During this interview, the superior should discuss with his subordinate the goals and objectives that he is expected to achieve in the coming year. This gives the subordinate the opportunity to discuss the time-table for reaching these goals, and any problems that he foresees in reaching them.

(End of Personnel Appraisal Guide—Store "A")

Appraisal Guide - Store "B"

Instructions for preparing the new executive appraisal form.

1. Nature and purpose of the new executive appraisal form.

   The new executive performance appraisal form uses both "trait" and "work orientated" performance objectives in a single system. In addition to evaluating performance, it attempts to determine why the executive has so performed, and provides an indication of his possible future growth and potential. It is hoped that the use of both trait evaluation and pre-set performance goals will provide a balanced way of viewing the executive. If properly executed, the following five important areas of executive development will be satisfied:

   A. Improvement in performance of the job now held. The appraisal does not stop at an evaluation of past performance; it includes a plan for future action through establishment of goals for next year.

   B. Long range development of the individual being rated. This includes an evaluation of potential for promotion and a plan to develop potential. Identification of training requirements.

   C. Communication to the executive of how he is doing and where he may be going. The interview after the appraisal is the key to the success of the program.

   D. Compensation review for the purpose of rewarding meritorious performance and adjusting inequities.

   E. Development of statistical information for long range manpower planning.

2. Rules for the Appraiser

   To achieve uniformity of evaluation throughout the Company, it is essential that raters observe the following rules:

   A. Judgments should be made through a process of objective reasoning, eliminating all personal prejudices, bias or favoritism.

   B. Ratings should be based on the executive's performance for the entire period covered, not on single accomplishments or failures or the most recent performance.

   C. Judgments should be based on demonstrated performance and observed characteristics, not on anticipated or assumed performance or characteristics.

D. The middle rating "good" should be used to describe a completely satisfactory performance. "Very good" should be used to describe performance better than the accepted standard. "Outstanding" is reserved for the rare instance of truly high distinction. "Satisfactory" indicates some dissatisfaction, but with hope of improvement. "Below standard" ratings lead to specific and immediate corrective action.

3. Method

A. Personal Characteristics

Evaluation of personal characteristics should be in terms of how these characteristics were demonstrated on the job during period being reviewed. In other words, you may consider an individual very intelligent but if he did not apply this intelligence in the performance of his job, the rating should reflect this.

B. Management Skills

Effective use of these skills is necessary for any executive performing in a supervisory capacity. Some of the rating factors will not be applicable to executives who do not have subordinates reporting to them. Write "N.A." in this case.

C. Job Knowledge and Operating Performance

Position guides, where in use and up dated, should be read thoroughly before rating these factors. Be sure you consider all responsibilities assigned to the individual being rated, and the standards of performance established in the position guide.

If the position guide is not current or non-existent, be sure you rate on all responsibilities mutually understood to be assigned to the individual being rated. Also consider the work objectives or "areas needing development" discussed in the previous performance appraisal interview.

It is important to comment on both strengths and areas needing development.

D. Accomplishment of Objectives

Since this is the first year this form is being used, objectives were generally not established last year. Therefore, this part of the form may be left blank this year.

E. Specific activities and goals assigned for next review period.

The establishment of objectives for subordinates should, where possible, be a joint effort. Prior to preparation of this part of the review, each subordinate should be asked to draw up a short list of his goals for the next year. In consultation, the rater and the subordinate should reach agreement on these objectives, which are then copied on the review form.

The work objectives which are mutually agreed upon should be specific aspects of the person's job performance which you agree should be improved; additional responsibilities to be assumed; and/or goals beyond the normal routine to be accomplished.

Timely tips on setting good work objectives "What Makes an Objective Effective"* by Dale D. McConkey include the following key pointers: Objectives must be specific regarding the "what" and "when;" they should be realistic--that is, attainable (yet not too easily or routinely); they should suit the person's experience, capabilities and responsibilities; they should be clearly set and be measurable; and they should be regularly evaluated and if necessary revised at agreed-upon periods by agreed-upon methods.

F. Roman numeral V (Evaluation of the Individual and His Potential is used for long range manpower planning. It is important that this evaluation be realistic and that it represent the thinking of all levels of supervision. The rater should complete it in pencil so that his superior has an opportunity to edit. This information will not be given in specifics to the person who is rated.

G. Roman numeral VI (Training and Development Recommendation) should be completed just as thoughtfully as the rest of the review. In the case of an executive newly appointed to the job there may be no recommendation.

H. Roman numeral VII (Post Interview Comment) is filled in by the rater after the interview.

* From the book "How to Manage by Results" by Dale D. McConkey

(End Appraisal Guide--Store "B")

VIII) Provision for Quality Control

A vital issue on the entire appraisal program becomes the quality of the appraisals established. Steps taken to assure the effective functioning of the system and the successful performance of the people who work the system are all pointed toward that focal point -- good quality and accurate appraisals.

Special provision should be made to control the quality of the appraisals. A separate and distinct step in the appraisal process is advised.

Certain stores have made the following comments on the subject:

1) "We assist in getting accurate appraisals by the rejection of obviously poor quality appraisals and discussion with the appropriate supervisor (appraiser)."

2) "Through constant effort of knowing our people and their evaluating techniques we are able to detect weaknesses. When we doubt a review we question the originator."

3) "When the immediate superior knows his appraisal is seen by top management executives he does it carefully."

4) "Results of program communicated to Executive Head to demonstrate the value and necessity for accurate appraisals. Also, constant review of forms and systems to upgrade and reduce some of the natural weaknesses."

5) "All individual appraisals are carefully reviewed by Personnel Division and those of poor quality returned to appraiser for re-doing."

6) "Discussion (where necessary) with individual supervisors at their own appraisal interviews re: quality of appraisals they completed."

A combination of several of these measures can help assure acceptable quality of appraisals.

C. The Constructive Communication

The formal job performance appraisal program has been described as a two-directional means of communication -- first by identifying and communicating the quality of individual employee job performance to management, and second by communicating this management judgment as to the quality of his performance to the employee with the objective of motivating the employee to improve his performance. In essence, it is an answer to the employee's question of "How am I doing?"

This constructive communication with the employee is by no means an ordinary conversation or even an ordinary interview. Ineptness on the

part of a superior in communicating the results of an employee's performance appraisal to him has often had an effect exactly the opposite from that desired. Instead of motivating the employee toward improved productivity the interview has all too often taken the form of an indictment of the employee for his weaknesses with very little positive result in terms of encouraging the employee to make use of his assets or strengths.

Conventional methods of training executives in "how to interview" and "how to motivate" are being practiced by many organizations. They include the techniques referred to in the section about training the appraisers, such as: instruction in executive training classes; regular briefing sessions prior to the interviews; counseling on specific problem cases; conference-type sessions with several executives present; workshops -- using actual examples; and issuing written instructions.

Examples of written instructions to interviewers by two large stores will be found in the following pages.

Other techniques used to train interviewers include the following:

1) Role playing in simulated interviewing situations.

2) Individual discussions at the conference in which the appraisal is finalized as to the most effective interviewing approach to be used with a particular individual.

3) Including a trained Personnel Representative in the interviews, especially at non-supervisory levels.

Stores should continue to use a combination of these methods to train the interviewers, which is presently the weakest step in the appraisal process. They should recognize, however, that much needs to be learned in this area of motivation and continue to seek professional counsel from the behavioral scientists in this "pay-off" area of the appraisal program.

Appraisal Interview Guide - Store "C"

Recommendations to the raters on conducting executive appraisal interviews.

The annual executive performance appraisal interview provides an opportunity to review, in a formal meeting, both the previous year's progress and problems, and objectives for the next year. It is recognized that an effective manager communicates regularly with the executives who report to him and that evaluation and goal setting take place frequently throughout the year. The annual performance appraisal interview might seem to be an artificial or superfluous exercise to the supervisor who practices good management all year round. However, the annual appraisal interview differs from the normal day-to-day exchange in that it explores, in depth, the total job performance and not just one facet which may be highlighted by the exigencies of the moment.

The following recommendations for conducting the inte-view may be helpful.

A. Place and Time - the interview should be conducted

1. In a location which provides privacy.

2. Without haste or interruptions.

3. In an atmosphere which puts the executive at ease and invites a two-way exchange.

B. Introduction - Because the appraisal form is new this year it is useful to take some time to discuss the purposes of the executive performance appraisal.

1. Improvement on the job now held. The appraisal does not stop at an evaluation of past performance, it includes a plan for future action through establishment of goals for next year.

2. Long range development of the individual being rated. This includes an evaluation of potential for promotion and a plan to develop potential. Identification of training requirements.

3. Communication to the executive of how he is doing and where he may be going. The interview after the appraisal is the key to the success of the program.

4. Compensation review for the purpose of rewarding meritorious performance and adjusting inequities.

5. Development of statistical information for long range manpower planning.

C. Personal Characteristics

Discuss the specifics of the evaluation of personal characteristics in narrative form. It is not desirable to read off personal characteristics and tell the executive how you have evaluated each one. A much better method is a discussion of the individual as you saw him in the performance of his job, citing specific instances of intelligent, analytical or creative handling of situations (or the opposite), etc.

D. Management Skills

The management skills evaluation should be discussed in detail, and here it is appropriate to read off the definition of each item and tell the executive your evaluation of his performance, explaining the definition of Outstanding, Very Good, Satisfactory and Below Standard as you do so. Give the executive an opportunity to discuss each rating.

E. Job Knowledge and Operating Performance

The position guide, where available, should be given to the executive to read, and notes should be made on any revisions which are mutually agreed upon. Position guides requiring revision should be flagged for referral to Organizational Planning. Following review of the position guide the executive should be informed of your evaluation of his job knowledge and operating performance in the whole job. Specific assets and areas requiring strengthening should be discussed and a plan of action to strengthen weaknesses agreed upon. Where specific training is needed, the appropriate Personnel executive should be contacted for assistance.

F Accomplishment of Objectives

Since the establishment of goals was not a formal part of the previous review form, this part of the appraisal interview will, in most instances, be omitted this year.

G. Specific goals and activities assigned for the next review period.

Objectives for the next year have been copied onto a sheet attached to each appraisal. This sheet is to be given to the executive to retain; the duplicate is kept by the supervisor for periodic follow-up. A triplicate is kept in the Personnel Office and will be attached to next year's appraisal form for the rater's information. When discussing next year's goals, it is important that a mutual understanding of these objectives and the method which will be used to measure progress is achieved. Periodic follow-up and revision of objectives, if necessary, should be planned.

H. Evaluation of the Individual and His Potential

The section which evaluates potential should not be discussed with the executive in specifics, but it is desirable to give encouragement to the executive who is considered to have potential for advancement. The rater must use his good judgment in determining how much and what kind of encouragement should be given. It is rarely desirable to advise an individual of your estimate of his long range potential or lack of it.

I. Training and Development Recommendation

A frank discussion of personal development needs is appropriate at this point. Tell the executive what training and development needs you have identified. After you have reached agreement plans with him a course of action.

J. Salary Discussion

The time to introduce salary discussion should be determined by the individual case. It is best in some instances to bring up the question of amount of increase or lack of increase when discussing strengths and weaknesses in over-all performance. In another case, it may be useful to mention the amount of increase before going into the specifics of the review; this is most apt to be so where there is a generous increment to reward particularly good performance. In many cases, the rater may decide to discuss salary after the complete appraisal has been reviewed. If the rater plans each interview in advance, he can introduce this subject at the time which will best suit the purpose of keeping the interviewee's attention throughout the discussion and obtaining his acceptance of the fairness of the appraisal and salary determination.

K. Post-Interview Comment

A report of any problems encountered in the interviews will be useful to the rater next year. This section should be completed after the executive has left the office. At this time, the rater should also sign and date the appraisal form in the box at the top of the form entitled "interviewed by."

(End of Appraisal Guide--Store "C")

Rater's Interviewing Guide - Store "D"

A. Procedure

1. The Rating Forms you completed for the Executives and/or Junior Executives whom you supervise will be returned to you through your Divisional Manager. Please arrange an interview with each of the people whom you rated. It is suggested that you discuss your plan for the interview with your Divisional Head and decide whether you and he together or you alone should conduct the interview.

2. In preparing for the interview plan to discuss with the Executive you rated the following points:

   a. YOUR EVALUATION OF HIS JOB PERFORMANCE; HIS GREATEST STRENGTHS; WHERE AND HOW HE NEEDS TO IMPROVE; THE STANDARDS YOU EXPECT HIM TO MEET.

   b. YOUR PLAN FOR HIM FOR THE YEAR AHEAD (RESPONSIBILITIES, EXPERIENCE, TRAINING, ETC.)

   c. ANY ADMINISTRATIVE ACTION THAT IS TO BE TAKEN WITH RESPECT TO HIM (i.e. CHANGE OF STATUS, TRANSFER, PROMOTION, SALARY ADJUSTMENT, ETC.)

   d. HIS "GOALS" FOR THE NEXT YEAR WITH RESPECT TO EACH MAJOR PHASE OF HIS JOB. (THESE SHOULD BE DEVELOPED WITH HIM.)

3. When the interview is completed, sign your name and the date and return the Rating Form to your Divisional Head who, when all the forms for his Division are in, will forward as a group to the Director of Executive Placement and Personnel Development.

B. Structure of the Interview

The interview should be a constructive, supportive experience for the person being interviewed. He should come out of the interview feeling that his supervisors and Management are vitally concerned with his progress and development, that they appreciate his efforts and recognize his strengths, that they are anxious to help him improve and get ahead, that they have every confidence that he can do so. The interview should further open up the channel of communication between supervisor and the individual supervised and help to pave the way for better communication and understanding in the future.

It should always be kept in mind that the chief purpose of the interview is to provide stimulus and incentive to the individual, and therefore, even though certain aspects of his behavior or activity must be rejected as not meeting standards, the person himself should always be held in warm, sympathetic regard. To achieve this, the following practices are suggested:

C. Discussing the Executive's Job Performance with Him.

1. Timing. Try to plan the interview for a time and place where you will not be interrupted. Plan on at least half an hour.

PREPARE TO:

2. Take A Positive Approach: Explain the benefits of evaluation to the individual being rated; have facts and illustrations on hand for each point you are going to cover; be prepared to suggest a way to improve on every point of weakness; decide in advance how you will put certain points to him so that he will understand your standards but not be discouraged; consider his individual needs and temperament in planning this approach.

BUT YOU CAN PLAN ONLY UP TO A CERTAIN POINT:

3. Approach the Interview with an Open Mind, The interviewee, too, will have something to say that can and should influence your thinking and improve your understanding. Don't hesitate to add this to the rating sheet and let him know you are doing so.

IN LINE WITH THIS:

4. Listen to what he has to say. Encourage him to comment on each point and express his feelings and opinions. You can always accept how he feels about something even when you cannot accept his behavior....

BUT NO MATTER WHAT HE SAYS:

5. Never argue. If he cannot accept your evaluation of him without argument, say that this is how it seems to you, in your best judgment. In most cases, no difficulties will arise; but if the person being interviewed becomes too intense.....

IT IS GOOD TO:

6. Keep in Mind a Few Basic Pschological Truths: It is only natural for some people to find it hard to take criticism -- no matter how tactfully or constructively given. It may be painful to them, but that very feeling which is basically a matter of pride in themselves, can stimulate and motivate them to improve. Even though an individual may seem to resent criticism, fundamentally he really wants to know where he stands. As a matter of basic fairness we owe it to people to point out to them in an objective way any shortcomings which stand in the way of their progress. If you do so, the person will respect you for having told him truth and will appreciate your concern if you are sincerely concerned.

Rater's Interviewing Guide--Store "D" (Cont'd)

IT IS IMPORTANT TO KEEP THE INTERVIEW ON AN INDIVIDUAL BASIS AND:

7. Never Fall into Trap of Comparing Him with Others: Measure him against the requirements of his job not against other people.

AND REMEMBER:

8. Discuss His Rating in a Friendly, Conversational Manner: Don't read from the rating sheet. Take each job duty or factor at a time, comment on and recognize his strong points first, and then point out where he can improve. Invite his comment on each one.

WHEN YOU:

9. Set Up Goals for the Next 12 Months: Invite him to give his ideas first; you may not even have to add anything except approval. If he sets the goals, his self-respect is enhanced and he will feel a greater sense of independence and responsibility toward achievement.

FINALLY:

10. Summarize the Rating for Him: Strong and weak points; and tell him your plan of training and development for him. Let him know you believe in him, and that you and he will be checking his progress together from time to time.

(End of Rater's Interviewing Guide--Store "D")

D. The Formal Feedback

Provision for feedback must be an integral part of the successful appraisal program. A company with a well-rounded program will not leave it to chance to find out whether the employees, especially those employees it feels have growth potential, have a positive reaction from the appraisal interviews they receive from time to time.

Some stores provide a place on the appraisal forms for the interviewer to make post-interview remarks about the employee's acceptance -- or lack of acceptance -- of the appraisal. Others supply the employee with a form upon which to write his own remarks and reactions. Other stores provide in their systems for a combination of the above.

Another practice which is advocated is a follow-up interview conducted by either a personnel executive or a policy level line executive at an interval after the official appraisal interview to determine whether the employee has a knowledge of how he stands in the company which corresponds with that which the company holds.

Unfortunately, a company often takes more time with (and is more solicitous about) those employees who are borderline in performance than those it wishes to encourage. Obviously, this is contrary to what the company really wants,and the provision for feedback (whichever method the store employs) can be a very valuable device for keeping the appraisal communication a two-way street, as it should be, and for providing the avenue to make sure the communication is constructive.

THE MEASURE OF "SUCCESS"

In line with the basic concept of TOTAL UTILIZATION of human resources which has been underlying this entire analysis and presentation, there can be only one real measure of success for any appraisal program: the MAXIMUM MOTIVATION of each EMPLOYEE toward increased productivity and improved performance.

Of course, as has been pointed out, this result must be preceded first by an ACCURATE APPRAISAL of the employee's over-all performance by carefully weighing his strengths and weaknesses and second, by the CONSTRUCTIVE COMMUNICATION of the results of the appraisal to the employee during which process he learns how to capitalize on his strengths and overcome or minimize his weaknesses.

The final test as to whether any one program accomplishes that objective can be determined only by observation, measurement and remeasurement of the employee's conduct and performance over a period of time. The test is implicit in the answer to the questions, first, "Is the employee successfully performing his responsibilities to the advantage of both himself and his company?" and second, "Has the employee, executive and non-executive alike, been so motivated that he has advanced to the highest level of responsibility of which he is capable at any given time?"

VIII. performance appraisal in today's climate

The importance of performance ratings takes on extra complexity in today's complex "political" climate. When employees claim that they have been denied promotional opportunities, or file grievances with the equal opportunity groups, whether they are local, state, or federal, a store has little defense if the employee was rated on his last performance review as a good worker with potential. There have been too many horror stories of the long-service employees with such records being terminated because of business conditions or because of a realistic review of manpower. The article "The 'Discrimination' Danger in Performance Appraisal", published in the March 1976 Conference Board Record covers the subject well. It is reprinted here with permission from the Conference Board.

THE 'DISCRIMINATION' DANGER in
PERFORMANCE APPRAISAL

Robert I. Lazer
CB Management Research

Over the last decade the Federal government has focused increasing attention - judicially as well as legislatively - on the personnel practices of employers. With the advent of OSHA, ERISA, Title VII of the Civil Rights Act of 1964, Executive Order 11246, Equal Pay Act, and the Age Discrimination in Employment Act, employers have had to substantially rethink and modify their traditional personnel practices. And, as the nondiscrimination laws apply to all aspects of employment, not just selection, this legislation will soon affect the area of performance appraisal systems.

Any selection instrument which is used as a screening device for some future employment opportunity - such as a promotion - may be viewed as an "employee selection procedure." As a result, if it has an adverse impact on the employment opportunities of any protected group - minorities, women and the 40 to 65 age group - its use may need to be justified as a matter of business necessity following the EEOC's "Guidelines on Employee Selection Procedures," and/or the Office of Federal Contract Compliance's (OFCC) "Order on Employee Testing and Other Selection Procedures."[1] Indeed, issues concerning the nature and administration of appraisal programs have already been raised and decided in several court cases. Knowledgeable experts warn that, given the current thrust of these initial court decisions, many organizations may find it necessary to make major changes.

[1] There are no similar guidelines under the Age Discrimination in Employment Act of 1967. However, experts point out that the courts have been applying the basic line of reasoning expressed in the Guidelines in all employment discrimination matters.

At the minimum, companies need to check the appraisal programs and their applications for disparate impact on any of the groups protected by law. They may also need to be able to establish that the appraisal systems they are using have been carefully developed, are even-handedly administered, and are valid measures of job performance. However, recent research suggests that most companies are not currently in a position to justify their performance appraisal system in these terms.

The basic requirement of the Guidelines is that any selection tool or test that has an adverse impact must be validated, i.e., demonstrably shown to be related to job performance. The test must have a significant relationship with a minimum of one relevant job performance criterion measure, so as to be useful in predicting successful (or unsuccessful) job performance on the specific job for which the individual is being evaluated.[2]

It is helpful to think of the Guidelines as establishing a schematic equation: on the one side are test scores ("tests" is a broad category which includes "all formal, scored, quantified, or standardized techniques of assessing job suitability"); on the other side are the criterion measures of performance (which "must represent major and critical work behaviors as revealed by careful job analyses"). In essence, test scores = criterion measures of job performance; only if these two sides form an equation is the test deemed "valid."

Currently, performance appraisals (e.g., supervisory ratings) are often used as the criterion measures against which tests are validated. But - and this has only recently been recognized - when performance appraisals are used as the basis for making selection decisions (e.g., promotions), they then move over to the other side of the equation. Now they may be regarded, and appropriately so, as "tests." Should an adverse effect be produced on the employment opportunities of any protected group, the appraisals in turn may need to be validated following the rigorous provisions of the Guidelines.[3]

[2] This requirement is central, for the Guidelines state that "evidence of a test's validity should consist of empirical data demonstrating that the test is preditive of or significantly correlated with important elements of work behavior which comprise or are relevant to the job or jobs for which candidates are being evaluated."

[3] The Guidelines establish several requirements for the criterion measures used in validation studies: that criteria "must represent major or critical work behaviors as revealed by careful job analyses"; and that supervisory rating techniques be carefully developed and closely examined for evidence of bias "in view of the possibility of bias inherent in subjective evaluations.:

Appraisals as criterion measures

Although performance appraisal was not necessarily the primary issue in the court cases which will be discussed, it was nonetheless tangential to the original complaint of discrimination.

The question of performance appraisals as criteria in test validation studies was addressed by the U.S. Supreme Court in Albemarle Paper Company v. Moody.[4] This case focused on two important issues: subjective supervisory rankings and lack of job analysis.

When Albemarle's test scores were compared with supervisory rankings in a validation study, the Court found that employees had been ranked against a vague standard, open to each supervisor's own interpretation. Additionally, employees were rated against one another, even though the person they were rated against may not have been performing the same job. Regarding Albemarle's rating procedure, the Court stated that "there is no way of knowing precisely what criteria of job performance the supervisors were considering, whether each supervisor was considering the same criteria - or whether, indeed, any of the supervisors actually applied a focused and stable body of criteria of any kind."

Furthermore, the Court states, there was "no way to determine whether the criteria actually considered were sufficiently related to the company's legitimate interest in job-specific ability to justify a testing system with a racially discriminatory impact." In the process of validating their tests, Albemarle made no attempt to analyze the jobs to delineate the particular job skills they might require.[5]

4 Albemarle Paper Company v. Moody, U.S. Supreme Court, nos. 74-389 and 74-428. 10 FEP Cases 1181 (1975). Also, Moody v. Albemarle Paper Company, 474 F.2d. 134 (1973).

5 This point is discussed further in the Rogers v. International Paper case. In discussing the potential for abuse (discriminatory practices) in the use of subjective appraisals as criterion measures in the test validation process the Court stated that "the (resulting) absence of proper and careful job analyses (therefore) is fatal to the validation study."

Appraisals as test scores

If performance appraisals are used as a decision-making tool for personnel selection and result in an adverse impact on any protected group, then a company may well find it must justify its discriminatory action. In establishing minimum standards for such tests, the Guidelines state that "tests must be administered and scored under controlled and standardized conditions."

There are several reasons for this requirement. One is to "protect the security of the test scores and to insure that scores do not enter into any judgments of employee adequacy that are to be used as criterion measures." Another is to insure that the test conditions are the same for all individuals. For example, if on a half-hour timed test of mechanical ability one individual is given 25 minutes to finish while another has the full 30 minutes, the test situations are substantially different and violate the Guidelines' requirement of a controlled and standardized condition.

Thus the standardization requirement challenges the propriety of appraisals based on supervisory ratings. Such ratings, often being of a subjective and interpretative nature - especially if the definitions of the factors to be rated are left to the supervisor's discretion - may easily raise the question of "controlled and standardized conditions." Such was the case in Wade v. Mississippi Cooperative Extension Service.[6]

Here a U.S. district court held that the evaluation instrument used by the state extension service to appraise the job performance of county professional workers discriminated against black employees. It was found that : (1) evaluations were influenced in large part by subjective supervisory judgments; (2) appraisal scores were statistically different and had a significant racial impact; (3) the evaluation instrument was not based upon job analysis; and (4) no data were presented to demonstrate that the evaluation instrument was a valid predictor of employee job performance.

In finding the extension service in violation of the Equal Protection Clause of the Fourteenth Amendment, the court emphasized two criteria used by the extension service for determining promotion: "concept of the job applied for" and "objective appraisal of job performance." In rendering its decision against Extension Service the court stated:

> (The) concept of the job applied for...is a criterion quite incapable of uniform administration and readily susceptible to bias. Even more noteworthy, the so-called "objective appraisal of job performance"...is based upon scores received by subordinates rated by supervisors on an evaluation instrument according to a number of factors. For example, a substantial portion of the evaluation rating relates to such general characteristics as leadership, public acceptance, attitude toward people, appearance and grooming, personal conduct, outlook on life, ethical habits, resourcefulness, capacity for growth, mental alertness, and loyalty to organization.

6
Wade v. Mississippi Cooperative Extension Service, 372 F. Supp. 126 (1974).

> As may be readily observed, these are traits which are susceptible to partiality and to the personal taste, whim, or fancy of the evaluator. We must thus view these factors as presently utilized to be patently subjective in form and obviously susceptible to completely subjective treatment.

Because the appraisal scores had a disparate impact on the plaintiffs, the defendants had the burden of demonstrating that the appraisal instrument was job related and served "legitimate employment needs of the extension service." To retain use of the current procedures, the inference of discrimination had to be negated "by clear and convincing evidence."

Similar cases have been finding their way to the courts. In Rowe v. General Motors Corporation,[7] General Motors was found to have violated Title VII of the Civil Rights Act of 1964 by relying upon its foremen to recommend hourly employees for transfer and promotion to salaried positions, where such recommendations had had a discriminatory effect in the past. (The foreman's recommendation was the single most important factor in the promotion process; the foreman was given no written instructions relating to the qualifications necessary for the higher level jobs; recommendations were based on vague and subjective standards.)

The Savannah Sugar Refining Corporation[8] was also found to be in violation of Title VII with its promotion procedures. As in Rowe, supervisors were "not furnished written instructions specifying qualifications necessary for promotion" and the work standards were "vague and subjective." These standards included desire for improvement and leadership potential.

In Brito v. Zia Company, Zia Company was found in violation of Title VII when on the basis of low performance appraisal scores a disproportionate number of a protected group was laid-off. In its finding the court commented that the performance appraisal used by Zia Company in determining lay-offs was, in fact, an employment test. It also upheld a lower court's decision that Zia did not validate the performance evaluation test because it failed, in accordance with the EEOC Guidelines to:

> introduce evidence of validity...consisting of empirical data demonstrating that the test was significantly correlated with important elements of work behavior relevant to the jobs for which the appellants were being evaluated.

7 Rowe v. General Motors Corporation, 457F.2d.348 (1972).

8 Baxter v. Savannah Sugar Refining Corporation, 350F. Supp. 139 (1972).

9 Brito v. Zia Company, 478F.2d.1200 (1973).

The court found that the "evaluations were based on the best judgments and opinions...but not on any identifiable criteria based on quality or quantity of work or specific performance that were supported by some kind of record." Also, "the test was not administered and scored under controlled and standardized conditions."

Standardization, when performance appraisals are used as tests, is also mentioned in Harper v. Mayor and City Council.[10] Here the court concluded that even though the minority employees had not been rated lower on efficiency or performance ratings than the white employees, they had been graded differently. Thus the rating procedure denied equal protection under the law to the plaintiffs.

Though there have not been any court cases addressing the issue of the performance appraisal being presented as evidence contradicting a company's discriminatory action, personnel experts feel that this is an important area of consideration. For example, a company wishing to terminate its older employees (45 to 60 years old) as "deadwood" may find that all those "excellent" and "good" performance ratings (used to justify salary increases and promotions) may be turned against them. The terminated employees, especially in a complaint of age discrimination, could possibly present their past appraisal ratings as evidence that the company's "deadwood" argument was not the real reason for termination.

These cases would seem to indicate that the courts are viewing performance appraisal as an employment screening device. The issues of job relatedness and standardization appear to be playing critical roles here, just as they did in the early controversey on the validation of more traditional "tests." [11]

Little has been done

The appraisal of an employee's job performance is an integral component of most personnel systems and, as we have seen, the resultant information is often critical to an individual's future employment status. Personnel decisions affecting compensation, training and development plans, promotions, and even continued employment (or termination) have their foundation in data obtained from the appraisal.

In a recent Conference Board survey,[12] over 70% of the 293 companies participating acknowledge having formal performance appraisal systems for managers (see table). Companies not reporting a formalized procedure indicate that appraisal takes the form of a general, subjective evaluation of individual subordinates by supervisors - usually when salary review occurs.

10 Harper v. Mayor & City Council of Baltimore, 359F.Supp. 1187 (1973).

11 Griggs v. Duke Power Company, 401 U.S. 424 (1971) established the precedent for preemployment test validation.

12 The results of this survey will be published later this year, Appraising Management Performance, Robert I. Lazer (The Conference Board Inc.)

Of the 217 companies reporting formal appraisal programs, 66% use this information to assist in identifying candidates for promotional opportunities. Yet, out of 217 only one had initiated an empirical validation study, and that study was never completed. Most of the companies have done nothing about validating their systems, and several companies say they rely on management feedback and subjective review (including attitude surveys) as evidence of validity.

Furthermore, of the companies reporting appraisal systems, half indicate that they have not analyzed the jobs being appraised as part of the system's development. Less than 40% of the companies had analyzed all the jobs covered by their performance appraisal system. Yet, job analysis is a crucial element in the validation process. It is from an analysis of the job that performance criterion measures are developed, and "job relatedness" is established.

Additionally, 60% of the companies require their appraisers to rate of scale subordinates' personal traits or characteristics,[13] a task many appraisers are not trained to perform. But even if the appraisers are competent to accurately measure these traits, the relationship between the traits and work performance would still need to be determined.

In 77% of the companies the appraisers are also asked to estimate their subordinates' potential for development and promotability. In many instances, however, the appraiser does not have the necessary personal and organizational data to make accurate predictions on these factors. For example, some companies ask their appraisers to predict how far a subordinate may rise in the hierarchy, and in some cases, to specify the job. How many supervisors know their organizations well enough to determine what it takes to be successful three levels up (i.e., two levels beyond where they themselves currently are)?

The emphasis on ratings of personal characteristics and estimates of potential provides ample opportunity for rater subjectivity and bias. Even though 75% of the companies surveyed have some type of training for appraisers in the use and administration of performance appraisal, the trait-based approach makes it hard to avoid bias.

Through the looking glass

In view of these problems the findings of the Board's survey of the opinions of 15 personnel executives and management consultants are revealing. Questioned as to the response they believe business and industry would make if performance appraisal was defined as a test and had to be validated, their answers tended to be bipolar: "best thing that could happen" vs. "disaster." However, the consensus was that criterion-related validity would be very difficult to achieve, especially at the management level. It was felt that management judgment cannot, and should not, always be quantified.

[13] These typically include such factors as: influence, initiative, judgment, resourcefulness/creativity, mental alertness/intelligence, attitude/personality, commitment, tact/courtesy, openness to criticism, stability, self-control, loyalty, integrity, maturity.

A manpower planning specialist believes that a ruling mandating that appraisals be validated would "force (managers) to look at what we should be looking at anyway. It's an educational process, but the courts should be aware of the limitations. It would set up positive pressures which, in the long run, should improve the appraisal process. Companies should not wait for it to be demanded."

On the other hand, a director of manpower development feels that validation is a luxury; that the time and money spent proving that performance appraisal is valuable is not very cost effective. And two management consultants voiced similar opinions:

> It would force companies away from formalized rating systems into unquantified, subjective judgments. It would be a return to the smoke-filled room.
>
> * * * * *
>
> The research needed to get anywhere near the ultimate criteria is so overwhelming in scope that most companies could not begin to do it. It's just inconceivable to me, it's not realistic, it's almost Alice-in-Wonderlandish. Where do you stop?

Will the courts decide this one?

The future emphasis placed on performance appraisal systems, and the direction this emphasis will take, appears to be in the hands of the courts. The definition of appraisal as an employment test has already begun in some court cases. It may only be a matter of time before the use of appraisal data in making employment decisions is unequivocally defined as the use of a "test" and brought under the constraints of the FEOC selection Guidelines.

The feeling of many of the personnel executives interviewed is that appraisals relying on ratings of personal characteristics present a serious disadvantage, especially when compared with appraisal systems revolving around preset performance objectives. In the latter approach, validation criteria are an integral part of the process. The objectives to be accomplished are inherently important to the job and, as a result, job relatedness is automatic.

On the other hand, rating scales designed to measure subjective personal characteristics are seen as not being inherently job related. Moreover, as one personnel vice-president points out, each trait or scale might have to be validated for its individual relationship to particular jobs. This type of appraisal system is also seen as violating many of the standards established by the selection guidelines.

Obviously, the impact on business and industry of a court ruling equating performance appraisals with employment selection tests could be tremendous. If companies find any adverse effect on protected groups, then many may be expected to drop their formal appraisal programs; others may attempt validation studies; or temporarily equalize the impact of the appraisal

score on each group of employees (by converting these scores to percentiles for each group) until a definitive study can be conducted. And the remainder will undoubtedly continue present practices until forced into action by a complaint or finding of discrimination (and thereby risk any number of judgments against them, including class action back-pay awards.)

Prevalence of Management Performance Appraisal Systems

Percent of companies

Industry (# of companies)	Management Level *		
	Lower	Middle	Top
Manufacturing/processing (148)	73 %	73 %	57.4%
Insurance (39)	66.6	64.1	46.2
Banks/financial service (65)	78.5	70.7	56.9
Wholesale/retail trade (41)	78.0	73.3	48.8
Total	74.1	71.3	54.8

* For the purposes of this study lower management is defined as supervisors, foremen, crew chiefs, etc. Top management is defined as the CEO and/or president and the immediate reporting personnel.

* * * * * *

IX. conducting an employee appraisal interview

Conducting the appraisal can be a very difficult job. Employees and their bosses suddenly become almost strangers. The relationship can be one of strain and stress. The future of both the supervisor and the employee being rated hinges on the outcome, yet many people go in ill-prepared.

One NRMA member helps alleviate the problems thatmight arise by a short manual which is easy to read. It is reproduced below:

HOW TO CONDUCT A SUCCESSFUL EMPLOYEE REVIEW

INTRODUCTION

Each time a person joins an organization, a relationship begins from which both employee and the company expect to benefit. Both parties share a joint responsibility for the manner in which this new relationship grows.

An employee usually comes to the new assignment eager to do a good job and is receptive to any guidance the company is willing to give. In short, the employee wants to make good.

But, in order to do a good job....

.... Employees must feel they "belong."
.... They must be able to use their individual skills and develop them to levels of greater proficiency.
.... Their efforts must be acknowledged.
.... Their job responsibilities must be clearly stated for them.
.... They must learn how they are expected to go about carrying out these responsibilities.
.... They must be given information about the benefits to which they are entitled.
.... They must feel free to voice opinions.
.... They must know how they are expected to act in the new environment.

The company realizes it must take these things into account if it is to fulfill its obligation to help the employee make good. At the same time, the company realizes that none of these questions, attitudes and goals can be handled on the basis of a "one-shot deal." Because these needs are continuing in nature, the company has established a policy of conducting periodic employee interviews concurrent with each review period as a means of both letting the employee know how supervision looks at their job performance and to give management a chance to evaluate whether the employee needs are being met.

SECTION I

GENERAL INTERVIEWING TECHNIQUES

The company's policy of conducting periodic interviews with employees is a sign of the store's interest in the well-being of its people and its desire to help them do a good job.

However, it takes more than just scheduling and conducting an interview to accomplish this goal. The way you conduct the interview determines whether or not you are successful. For instance...

.... Each employee must be treated as a person. Interviews should make employees aware that the management staff of their store knows who they are, what they do, and interested in how they feel and what they hope to accomplish during their career with the company.

.... Each interview should allow for free and easy exchange of information, providing an opportunity for both the employee and the interviewer to talk about things which are of mutual interest and importance to them.

.... Interviews should help the employees realize that management is willing to give them whatever help it can to promote their development and progress.

Now, some people are natural-born interviewers. They seem to know - as if by instinct - what they should do to fulfill these functions in each interview they conduct. Many others, however, are not so fortunate. They have to learn when and how to do the kinds of things that will ultimately lead to good interviews.

The purpose of this booklet is to present suggestions that have proved successful in conducting interviews beneficial to both management and the employee. These suggestions are quite general. They pertain to interviews of all kinds and require adaptation to each individual situation. Once you have become familiar with them, you will be able to determine how they fit in and how they can be applied to specific interview situations you encounter.

PREPARATION FOR AN INTERVIEW

Preliminaries have an important effect on the interview. Here are some suggestions for the kind of preparations that are necessary:

.... Notify the employee beforehand that the interview is scheduled.

.... Read the employee review beforehand.

.... Choose a place that will insure privacy.

.... Be on time for your appointments.

.... Allow sufficient time for the interview.

.... Keep interruptions to a minimum.

NOTIFY THE EMPLOYEE:

Let employees know at least 24 hours beforehand that you intend to interview them. The employee, having been notified, has the opportunity to get his or her thoughts together. You, the interviewer, will be gathering information; give the employee the same opportunity to make whatever preparations they believe are necessary.

Calling the employee in cold for an interview could be a real disadvantage. It could thwart the whole purpose of the interview. Being called in on the spur of the moment may give employees the impression they are about to get a dressing down. Their attitudes may not be one of willing cooperation.....SO, DON'T CATCH AN EMPLOYEE BY SURPRISE!

Certainly, how to tell an employee he or she will be interviewed is up to you. However, you might like to take these suggestions under consideration.

.... One possibility is sending the employee a memo setting up an appointment. It doesn't have to be long and involved. It can, and should, be simplicity itself.

.... Or, you might call the employee on the phone and arrange for an appointment.

.... Or, you can speak to them personally when you tour the dept.

If you will keep in mind the purposes for notifying the employees prior to their interviews, the manner in which you finally inform them is of secondary importance.

KNOW THE EMPLOYEE:

Read their rating sheets. See if there is any correlation between what the employee does poorly and what they don't like to do. Know what the employee's job is and know their responsibilities. Plan what you want to discuss with them, but remember this meeting is a two way street. You want to learn as much from them as you hope they learn from you.

CHOOSE THE PLACE:

Your office, if it affords privacy, is probably the best place to conduct an interview. You'll want to see the employee alone, away from the job location. This interview should be conducted in an atmosphere of privacy so that both you and the employee can relax and talk freely.

KEEP APPOINTMENTS:

Make a definite appointment. Don't tell the employee that you will call. The pressure of your job could make an employee wait several weeks before you have sufficient time to conduct an interview.

Once you have made an appointment with an employee, keep it! Don't make an employee wait more than a few minutes. You can't expect the employee to believe the interview is important if it is "squeezed in."

If you are forced to cancel an appointment, let the employee know ahead of time, before coming to your office only to be told you are "tied up."

ALLOW SUFFICIENT TIME:

Don't schedule the interview unless you know you will have enough time to do a thorough job. Remember, you want to give employees the feeling that they and the interview are important.

Create the impression that you have as much time as is necessary.

MINIMIZE INTERRUPTIONS:

Interruptions, such as incoming phone calls, are always annoying. All but the most urgent calls should be "held" to assure uninterrupted privacy. Remember, no one can have much enthusiasm for an interview that is constantly being interrupted.

THE ROLE OF THE INTERVIEWER

An interview should be an indication of management's interest in the employee. As such, it must be personalized to fit each individual. Therefore, no one can spell out for you exactly how you must act or what you should say. You, the interviewer, are in the best position to determine those things for yourself.

However, no matter what kind of interview you are conducting, there are always things you will want to say to the employee and things you will want the employee to say to you. Those things you want to tell the employee - whether they concern benefits, an explanation of how salary is administered, or an appraisal of job performance - must be thought out in advance. At the same time, you want to hear what the employee thinks and feels. To do this, you must develop interviewing skills that will lead the employee toward a complete statement of ideas and feelings.

Below are considerations which you should keep in mind each time you conduct an interview.

BE YOURSELF....

Your behavior - the way you act in the interview - should be your

ordinary way of behaving. Attempting to be another kind of person just for the interview isn't going to fool the employee,and it may be resented.

Don't try to copy someone else's style. You may have run across some good interviewers in your career, but attempting to do what they did, as they did it, will usually not work for you. Your style should be one which is most like you.

BE RELAXED....

It is extremely important that the employee be comfortable and feel at ease. If you sit on the edge of your chair, minutely inspecting your fingernails, or are edgy, you can't expect the employee to be anything but uncomfortable. So sit back and assume a relaxed position. Make the employee comfortable by being comfortable yourself....You'll have a much better chance of getting the employee to unwind and you'll enjoy the interview more yourself.

SPEAK SIMPLY....

Use language that will make the employee comfortable. Never talk down to employees. Don't talk over their heads either.

BE STRAIGHTFORWARD....

Know what you want to say to the employee,and then say it. Don't beat around the bush. The employee will probably appreciate frankness and will be more likely to speak candidly if you do.

MEET THE EMPLOYEES ON THEIR OWN LEVEL....

The employee knows you're in the driver's seat. There is no need to pull rank. If you do, the employee may become defensive,and you'll get nowhere.

TAKE YOUR TIME....

Don't act as if you're impatient or bored and eager to get the interview over. Giving the impression that the interview is interfering with your schedule or unnecessarily taking up your time might prompt the employee to bring the interview to a premature close.

KEEP YOUR FEELINGS TO YOURSELF....

The interview should never be allowed to turn into an argument between you and the employee. If the employee becomes angry or upset and sounds off, there is nothing to be gained by replying in kind. After all, if the interview is to serve as a communication device, you must not permit an argument.

The foregoing suggestions outline the interviewer's role. They typify the interviewer who can set up a situation in which an easy exchange of ideas and information can take place. Such an interviewer can create an atmosphere of mutual understanding and trust which serves the best interests of both the company and the employee.

CONDUCTING THE INTERVIEW

THE INTRODUCTION TO THE INTERVIEW:

In the first few minutes of the interview you have to set the stage for what is to follow. This is the point where you can get the interview off on the right foot...if you handle the introduction properly.

It may not be easy for the employee to talk to you. So, to help break the ice, there are several things you can do:

.... Greet the employee pleasantly.

.... Talk about things unrelated to the employee's job, if you feel this is natural and appropriate.

.... Explain the purpose of the interview.

GREET THE EMPLOYEE....

Greet the employee in a friendly way. Call him by name and invite him to sit down.

You have probably seen people who don't even bother to do anything but glance at an employee who comes into their office. They finish what they are doing and keep the employee standing, shifting from foot to foot, until they are ready to handle this next piece of business. This is the sort of treatment that irritates an employee and all the techniques in the world can't salvage the good will that has been lost.

TALK ABOUT UNRELATED THINGS....

Once you have greeted an employee and the employee is seated, you might begin by discussing something unrelated to the job. This may enable the person to gain poise and relax a little.

This "stage setting" needn't be elaborate. Something to the effect of....

"Well, how's the family?"....."Got your new car broken in yet?"....Did you get to the ballgame Sunday?"

Pleasantries of this kind can go a long way in helping both you and the employee settle into a relaxed and cordial mood.

Remember, however, it is important for you to come across to the employee as sincere and interested. You can't succeed if your conversation appears artificial... if you feel uncomfortable using small talk, don't do it. If you feel a particular kind of behavior is foreign to you, don't use it. Be yourself!

EXPLAIN THE PURPOSE OF THE INTERVIEW....

It is vital, once you have opened the conversation, to explain the purpose of the interview. Mention the fact that it is company policy for each employee to have his evaluation discussed with him and for each employee to express his feelings about his job to store management. In this way, we get to know each other better, and this enables us to work together as a team.

THE CORE OF THE INTERVIEW:

Once you have set the stage, you're ready to get into the interview. Your first objective is to get some idea of how the employee feels about the various things related to the job. At this point, review the employee's feeling about his job from his interview sheet. You can also get the employee talking by saying something to this effect:

"Well, we haven't had a chance to sit down and talk things over for a while, so I'm glad we have that opportunity now. How are things going?"

HELP EMPLOYEES GET THINGS OFF THEIR CHESTS:

Occasionally, however, employees may need some help or nudges to help them tell their story as the interview progresses. In this case, the interviewer can help them along by using special interviewing techniques. These techniques are:

....Use of interview manners.

....Use of special statements.

....The repeat.

....The pause.

These techiques are simply responses which can be used in various interview situations. No one response is exactly right for each situation. Naturally, not all techniques are used in each interview. Each of the techniques should be used as the situation demands. The following is a brief description of those four techniques:

USE OF INTERVIEW MANNERS....

Using certain interview manners is one of the simplest ways to help employees express themselves. By your actions, you can let the employee know that you are interested in, understand, and accept what is said. These special interview manners consist of such things as smiling, nodding and simply looking interested in what the employee is saying. That is, whenever the employee expresses an idea, if you give a slight nod of the head, or smile, the employee will realize, without having been interrupted, that you understand and accept what is said. Usually, any of these interviewing manners is sufficient when the employee is talking freely. Thus, you encourage employees to continue expressing themselves.

USE OF SPECIAL STATEMENTS....

In some cases, interview manners are not sufficient,and you will have to say something to keep the employee talking freely. Thus, as an employee completes an idea, you might say, "I see," "uh-huh", or "That's interesting." Such statements might also be used as the employee has completed a statement. By stimulating thoughts with verbal nudges, you can keep the employee talking.

THE REPEAT....

Another way you can help employees express themselves, is the "Repeat". With this technique, you repeat the words of the employee in a slightly questioning tone. Generally, the "repeat" is used to prod an employee into elaborating on a point about which strong feelings are indicated.

For instance, an employee may strongly state a situation and then come to a stop, such as...

> "Sooner or later we're going to have to change our way of doing things."

In order for you to understand exactly what is meant, you will have to give the employee an opportunity to express it more fully. One way of doing this is to pause briefly and then "play back" to the employee the same words with a slightly questioning, but non-threatening tone, such as....

> "Sooner or later we're going to have to change our way of doing things?"

This technique usually has the effect of helping employees open up and elaborate on their feelings. They will usually come back saying, "Yes", and then, seeing that the statement is understood, will go on to explain.

In some cases, of course, the "repeat" doesn't work. After you repeat,

> "Sooner or later we're going to have to change our way of doing things?"

The employee may say something like, "Yeah, we sure are," and you will have to use another tack. You might then say,

> "I'd be interested in why you think so."

THE PAUSE....

Sometimes, even though the interview is well under way and an atmosphere of trust has been well established, a period of silence may occur. In such cases, don't be too eager to break the silence. Instead, allow the silence to continue for a while to see if the employee will begin talking again. When the interview has been running smoothly, the pause may represent a summoning of courage or taking a deep breath before the employee plunges into another topic.

Remember that the long pause will be harder for you to cope with than the employee. Since you are accustomed to social situations in which people talk most of the time, you may tend to break the pause too soon. If you remember the employee may be trying to think of what to say next, you will probably handle the pause more effectively.

TELL THE EMPLOYEE WHERE HE STANDS:

One of the main purposes of this meeting is to give the employee an appraisal of his performance. Having reviewed the employee rating form prior to the meeting and having noted those areas that you want to discuss, you now can tell his strong and weak points. Refer back to his own evaluation of his strengths and weaknesses and note any correlation or discrepancies between his opinion of himself and his supervisors.

During this portion of the interview, you should carefully review with the employee the ratings and comments made on each area of performance. Make sure the employee has a clear understanding of what each area of performance includes and what the ratings mean. Here are some suggestions that can help make this part of the interview be productive and go smoothly.

PRAISE STRONG POINTS....

Compliment good performance, making sure the employee knows you are aware of his or her strengths. This is important if you expect to gain the employee's cooperation when you discuss weak areas. Most people feel good when they are complimented, and this can go a long way in developing cooperation.

In praising strong points, you must inject real sincerity in your remarks. If you convince the employee that management recognizes and appreciates the strong points, he or she will be more likely to accept your comments about weaknesses and be motivated to do something about them.

GET THE EMPLOYEE'S POINT OF VIEW....

In discussing those aspects of the job where improvement should be made, clearly explain where performance doesn't measure up, so there is no misunderstanding about what is expected. But you can't talk with employees about their performance from your side of the fence only. If you tell an employee that there is a problem, you must both understand what it means before you discuss improvement. No one makes a good decision before all the facts are available. Therefore, give an employee every opportunity to express his feelings about the inadequacy you have brought to his attention. He may fill you in on some facts you weren't aware of before. What the employee has to say may cause you to alter your opinion somewhat. On the other hand, perhaps you can inform the employee of certain standards of performance that hadn't been considered. Giving employees the opportunito to explain their position fully and then stating management's side of the story provides the soundest basis for talking about improvement.

ACCEPT RESPONSIBILITY FOR HELPING EMPLOYEES IMPROVE....

Don't simply tell employees that improvement is necessary. Ask employees what they think they should and can do to improve. If you feel their suggestions are practical and sound as if they'll produce the desired results, tell them so. If you feel that there is a more productive way, then explain how you think improvement can be achieved. In either case, you should help employees work out a logical plan for improvement including information about where they can get needed help or guidance. In doing this, be sure you indicate that you'll be happy to provide as much help as you can and that you'll check with them in the near future to determine what progress has been made.

SPECIAL SITUATIONS....

Normally, employees are attentive and cooperative when job performance is discussed because they realize their welfare is at stake. In some cases, however, the employees will disagree or become emotional and the interview gets out of hand. The following is a discussion of several suggestions for handling such interviews:

....THE EMPLOYEE DISAGREES

Occasionally an employee will be unwilling to accept your appraisal of his performance. He may say it is a misstatement of facts and challenge what you have said. If he makes a good case, you should be willing to reconsider. You cannot rigidly adhere to your side of the story to the exclusion of the employee's point of view. Weigh what he says...you may not have all the facts. In such a case, either handle the matter immediately from a new angle, or postpone that part of the discussion until a later time when you will have had a better opportunity to think over the matter again. Tell the employee you would like some time to check into the situation more carefully, and then set another time to get together on the subject. Meanwhile, go on to the next phases of the interview.

....THE EMPLOYEE GETS ANGRY

Arguing will always thwart the purpose of the interview. If the employee becomes angry because of something you have said, it is best to talk it out freely to find out what the problem really is. Once anger is out of the employee's system, you may be able to get the interview back on the right track.

Sometimes, in spite of your efforts, an employee's anger doesn't subside. Do not allow this to alter your basic - firm but fair - approach.

DISCUSSING EMPLOYEE CAREER ASPIRATIONS:

If an employee has indicated a desire for a change in jobs (transfer or promotion) or has mentioned some particular career goal, it should be discussed following the review of performance. The employee should first be told that job changes are a function of both current performance and available openings. Then you should carefully review the person's aspirations in light of current job performance. Those people whose performance is consistent with their aspirations should be given assurance they will be considered for movement as openings occur. Those who are

not performing at the required level necessary to achieve their goals should be encouraged to improve. In any case, employees should understand that management is interested in their making the most out of their career with TSS.

THE CLOSE OF THE INTERVIEW:

Most interviews, like most conversations, end naturally. Don't feel that this is a part of the interview you will have to manipulate. You know when you have covered all the points you were prepared to talk about. Thus, if the employee says, "That's all I have to say," your interview is over. The employee has called the halt.

Some interviews go on and on, and you may occasionally have to take the initiative in bringing them to a close. You may be wondering at what point you can close the interview if the employee doesn't. In order to be sure you are not closing the interview prematurely, you might just ask the employee if there is anything else. Or, you might summarize the important points of the interview. In this way, the employee is reminded of what has been said and has the opportunity to add anything that is important.

MAKING A WRITTEN RECORD OF THE INTERVIEW

It is important that you make thorough notes on each interview you conduct. Jotting down a few scant sentences or phrases is not enough.....and it's just not fair to you or the employee. All comments and notes should be written on the back of the employee's rating form.

Think about it this way. Meaningful comments based on periodic interviews provide an excellent supplement to the history of the employee's career with TSS.

If you give time and effort to interviewing skillfully....finding out how employees feel and react to what you tell them....you should do a thorough job of making notes, in order to capitalize on your efforts.

The following are some suggestions that will help you do a better job of handling this phase of the interview.

WHAT SHOULD THE NOTES CONSIST OF?

No one can tell you exactly what the content of your notes should be. But there is one general rule you should keep in mind. Make the kind of notes you would like to be made available to you if you were new in

the store and had to take over the responsibility of interviewing employees. What would you want to know about your employees? Would a few notes to the effect that "Everything is fine. Employee is satisfied," provide you with much information? Probably not. Therefore, whatever you put in your notes should have substance. It should say something. After reading your comments, anyone should have a pretty good idea of what was said in the interview.

For example: If you were to find the following comments on the review sheet for an employee who has just recently reached the first anniversary and has been interviewed, what would you think?

> Employee currently attending school two nights a week.
> Gets Associate Degree in Business one year from now.
> Likes present job but very interested in advancement.
> Currently shooting for Department Head position, but
> would like to go further at the store. Currently doing a
> good job. Might be executive training caliber.
>
> Had poor attendance record during family crisis.
> Discussed this with the employee. Crisis has been
> resolved and will no longer affect performance/attendance.

That tells you something about the employee. Anyone picking up this employee's review sheet to prepare for the next interview would have a pretty tangible piece of information with which to start.

DO YOU HAVE TO WRITE A BOOK?

Good notes don't have to be either wordy or in a literary style. If you get the meat of the interview down on paper, you've done a good job. Your notes should be specific, brief and informative.

WHEN SHOULD YOU MAKE YOUR NOTES?

You will have to decide for yourself, based on the circumstances of each interview, what the best time will be for taking notes. You may want to make notes during the interview: if the employee does not appear apprehensive or distracted by the process, that's as good a time as any. On the other hand, if an employee seems bothered by your note-taking, wait until the interview is over. Whether you make notes during the interview or after it is over is not half as important as what you pur down.

HERE'S ONE LAST SUGGESTION:

As the interview approaches its conclusion, recap for the employee, from your notes, what has been said. This practice can have two beneficial effects. One, it shows the employee you have written down exactly what was covered. Two, you are making it quite clear to the employee that you place enough weight on what has been said to make it a matter of record. Be quite certain, however, that the employee agrees with the summary statement you have made.

Give the employee the opportunity to correct you if you have either misstated something or failed to put down the whole story.

At the close of the interview, sign the back of the rating report and forward along with the employee's own rating form to Personnel Department.

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conclusion

Whole books can and have been written about appraisals. We have not covered, except very briefly in Chapter V and Chapter IX, the communications problems faced by the supervisor in dealing with both the administration of the appraisal and the follow-up interview, how time should be allotted to the process, the importance of follow-up, and action after appraisal, and the full commitment necessary from the bottom of the organization to the top.

The following checklist can be used as a starter for updating your procedures on this very important management tool.

1. Do you really have a planned appraisal program?

2. Is your top management convinced of the worth of the program?

3. Have you chosen an appraisal technique that meets your needs?

4. Is your program formalized?

5. How often do you really review your personnel?

6. Are your appraisal forms easy to understand?

7. Have you communicated to the employees why and how appraisal should be made?

8. Who does the appraising in your store?

9. Do you train your appraisers in how to do the appraisals?

10. Do you train your appraisers in conducting interviews with their subordinates after the appraisals have been made?

11. Have you kept track of the number of people that have been promoted through recommendations based on appraisals?

12. Have appraisals helped in career planning for employees? Do you have records to substantiate?

13. Finally, do you plan to review your appraisal program and forms regularly so that they do not become outdated?

We hope that in providing in one place the different approaches to appraisals plus the forms and procedures actually used in NRMa member stores plus those of outside concerns that you will find the book useful.

When your appraisal program is really working you will be pleased with the results you get through your people. Or as Alfred North Whitehead states, "Very few people are adequately drawn out. No one knows what their latent power might have been. The waste of underdeveloped faculties must be tremendous. For the powers of the individual are unique and unpredictable."

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